ANNUAL PERFORMANCE REPORT

SEVERN TRENT WATER

2024/25

SEVERN TRENT

WONDERFUL ON TAP

CONTENTS

TAKING CARE OF ONE OF LIFE'S ESSENTIALS

WONDERFUL ON TAP

SEVERN TRENT

This Annual Performance Report ('APR') covers the year from 1 April 2024 to 31 March 2025 and is our fifth and final APR to be published in the 2020-25 period (know as 'AMP7').

WELCOME TO THE SEVERN TRENT WATER ANNUAL PERFORMANCE REPORT 2024/25

At Severn Trent, we are firmly focused on delivering for our customers and wider stakeholders, whilst upholding the highest levels of corporate governance and demonstrating transparency in our reporting. Our Annual Performance Report reflects this commitment and we are pleased to share our report for the year ended 31 March 2025, which provides a detailed update on our performance over the year.

Our report details the progress we have made in a range of important areas for our customers, including our best ever performance on a number of key metrics – such as supply interruptions, leakage, sewer blockages and internal sewer flooding.

Whilst there has been good performance in a number of areas – 83% of our performance commitments and six of our seven Environmental Performance Assessment ('EPA') measures have met or exceeded their target – there are nonetheless areas where we want to improve. We are very conscious of the overall reputation of the water sector and the need to make more progress. We want to deliver faster improvements on areas such as C-MeX and pollutions, where we have set bold targets to drive performance improvements at the pace our stakeholders expect.

Our AMP8 Business Plan is the most ambitious in our history, and we are thrilled that it was rated 'outstanding' by Ofwat. It is our firm belief that our customers will benefit massively from our investment for many generations to come. Our £14.9 billion investment is around twice that was approved for AMP7 and will see us enter a new era of growth delivering significant progress – at speed – in areas our customers care about most, meaning they'll see the benefits as early as possible in the AMP.

Our culture of innovation continues to support our operational performance and delivery of our ambitious sustainability goals. Our 'open innovation' approach, involving other global companies, sector peers, suppliers and industry partners, enables us to share the learnings of our projects with the wider sector to maximise benefits for customers and the environment. It also builds on our own research and development. To bring this activity to life, we have signposted a series of 'Innovation Spotlights' through this report.

In putting together this year's report, we have sought to provide:

A clear and assured account of our financial performance for each price control, based on Ofwat's regulatory accounting framework, to enable customers and stakeholders to consistently assess our relative and absolute performance.

A clear, accurate and assured account of our performance across our 40 performance commitments in the year.

An understanding of the actions we are taking to improve performance where we have not performed as well as we wanted.

We continue to enhance our reporting in consideration of stakeholder feedback and welcome any feedback on our disclosures.

Christine Hodgson
Chair
Severn Trent Water Limited

Liv Garfield
Chief Executive
Severn Trent Water Limited

ADDITIONAL REGULATORY PUBLICATIONS

In addition to this APR, the following documents are available on our website in our regulatory library at **stwater.co.uk/regulatory-library**:

Our PR24 Business Plan

Every five years, water companies in England and Wales put together their plans for the future. We talk to our regulators, Government and most importantly, our customers, to find out what's important to them.

Our PR24 Business Plan covers the AMP8 period 2025-30, but the changes we are making will have a positive impact for decades to come.

Our APR data tables have been published separately in order to make our data freely available to everyone to access, use and share.

Our methodology statement which explains the systems and processes used to populate the data tables in our regulatory accounts.

Our Green Recovery Report for the year ended 31 March 2025.

This is our final standalone report which details the progress in the year of the six schemes within our Green Recovery programme.

STATUTORY PUBLICATIONS

In addition to our regulatory publications, we publish a number of statutory reports which are available on the Severn Trent Plc website at **severntrent.com**:

Severn Trent Plc Annual Report and Accounts for the year ended 31 March 2025.

The Severn Trent Water Limited Annual Report and Accounts for the year ended 31 March 2025.

Where disclosures in the ARA fulfil the requirements of the APR, we have included a cross reference to the relevant section for further information.

OTHER PUBLICATIONS

Pollution Incident Reduction Plan

Gender and Ethnicity Pay Gap Report

Customer Vulnerability Strategy

Severn Trent Community Fund Annual Review

ABOUT US

As one of the of the largest regulated water and wastewater companies in England and Wales, Severn Trent Water serves around 4.6 million households and businesses.

Covering the heart of the UK, our area stretches from the Bristol Channel to the Humber and from Shropshire to the East Midlands.

We are regulated by Ofwat, the economic regulator for the water sector in England and Wales. Every five years we work with our customers to develop a new business plan to be assessed and agreed by Ofwat. Companies' business plans, as part of a five-yearly price review, set out their plans for investment, performance improvements and the potential impact on customers' bills for the upcoming Asset Management Plan ('AMP').

Our AMP8 Business Plan is the most ambitious in our history, and it was rated 'outstanding' by Ofwat. Our customers will benefit massively from our investment for many generations to come. Our £14.9 billion investment is around twice that was approved for AMP7 and will see us enter a new era of growth – delivering nominal RCV growth of 64% across the AMP. By accelerating our investments, we will deliver significant progress – at speed – in areas our customers care about most, meaning they'll see the benefits as early as possible in the AMP.

This APR covers our performance for the fifth and final year of AMP7 in line with Ofwat's guidance. It provides clear and transparent information on progress against the delivery of our customer commitments, service levels, costs and financial and environmental performance.

Severn Trent Water Limited is the principal subsidiary of Severn Trent Plc. The full ownership structure of the Company within the Severn Trent Group can be found on the Severn Trent Plc website at severntrent.com.

2024/25 OVERVIEW AND PERFORMANCE HIGHLIGHTS

Overview

83%
of performance measures green

2 billion
litres of drinking water supplied each day

3.22 billion
litres of wastewater treated each day

4.6 million
households and businesses served

7,942
average number of employees during the year

Delivering water that is good to drink and is always there

Lowest ever leakage
With a 16.8% reduction over AMP7

Best ever supply interruptions performance
beating our target by 9% with a 32% year-on-year improvement

Outperformed persistent low pressure by 98%

Wastewater taken safely away

Lowest ever number of internal sewer floodings - our best ever performance

Outperformed
our collaborative flood resilience target by 20%

28,602
Lowest ever number of sewer blockages

Customer, community and environment

Bills just over £1 per day
One of the lowest average bills in England and Wales

£2 million
Donated through our Community Fund this year

Over 16,200
Hectares of land with improved biodiversity since 2020

You can read more about our performance in the Performance Summary section.

OUR STRATEGY

Introduction to our strategy

Our strategy to be 'performance driven, sustainability led' acknowledges our relentless drive to deliver the performance that our stakeholders expect, in a sustainable way.

We serve a diverse range of customers with different cultures, interests and experiences. Our region includes some of the most affluent areas of the country as well as some of the most deprived. There are several large urban areas in our region, yet we also serve predominantly rural counties and communities. It is a region which is characterised by, and benefits from, its diversity.

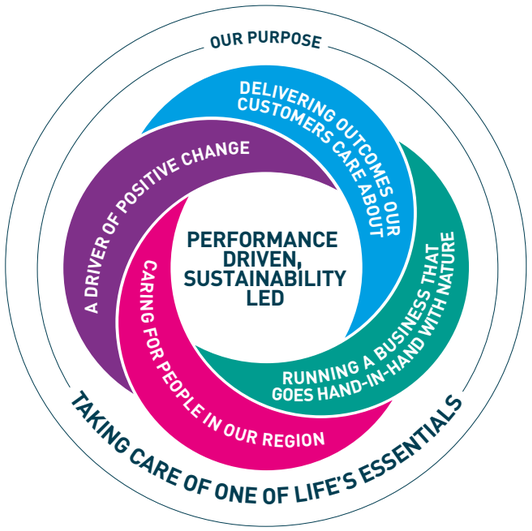
Our corporate strategy

Outcomes
- Investing for the long term
- Resilient to a changing future
- Putting the customer first
- Right first time every time

Nature
- Actively improving the places we touch
- Creating opportunities to enjoy nature
- Valuing our most precious natural resources
- Managing our impact on nature and climate change

People
- Helping our own people thrive
- Supporting our suppliers
- Creating opportunities in our communities
- A force for good for our customers

Change
- A role model for others
- Collaborating widely to support innovation
- Creating a market that works for everyone



Underpinned by our values

Our **courage** drives us to set bold ambitions, our **curiosity** inspires us to try new approaches, our **caring** culture promotes fairness and equality for our people, customers and communities, and our **pride** ensures that we succeed on this journey.

Having Courage
We always do the right thing and have courage to challenge the norm and speak up if things aren't quite right. We are prepared to step out of our comfort zones and act with both today and the future in mind.

Embracing Curiosity
We search out safe, better and faster ways of doing things through innovation and are always curious and willing to learn.

Showing Care
We keep our promises to customers and show care by treating everyone fairly and equally. We try to enhance the environment around us and spend every pound wisely.

Taking Pride
We make a difference for our customers every day, owning problems and working with others until they are solved. We take pride in what we do and champion our operations in the communities we work and live in.

OUR BUSINESS MODEL

Our purpose

At Severn Trent, we are driven by our purpose – taking care of one of life's essentials. When we are united by our clear social purpose, we can drive positive change and deliver positive outcomes for all our stakeholders – our customers, colleagues, investors, regulators and Government, the society we live in and the environment we depend on.

Now, more than ever, we know that taking care of one of life's essentials means that what we do really matters to the families, businesses and communities we serve. This is why our values of Having Courage, Showing Care, Taking Pride and Embracing Curiosity are so important to us. Being a company that can be trusted, taking care of the environment, helping people to thrive and providing the best-value service means we all need to be focused on living our values, by Doing the Right Thing, every single day – the Severn Trent way.

What we do

We provide clean water and wastewater services and develop renewable energy solutions through our businesses. In the course of providing these services, we create social and environmental value.

Green energy
The green energy we generate through our Business Services activities contributes to meeting our net zero targets and keeping our energy costs down.

Collect raw water
We collect water from reservoirs, rivers and underground aquifers across our region.

Clean raw water
Our groundwater and surface water treatment works clean raw water to the highest standards, making it safe to drink.

Distribute clean water
Our network of pipes and our enclosed storage reservoirs bring a continuous supply of clean water direct to our customers' taps.

Customers enjoy our services
4.6 million households and businesses use our services, delivered by a team of over 9,800 employees, and supported by our contact centres, always ready to help.

Collect wastewater
Our network of sewers and pumping stations collect wastewater from homes and businesses and take it to our wastewater treatment works.

Clean wastewater
Wastewater is carefully screened and treated in our wastewater treatment works to meet stringent environmental standards.

Recycle water to the environment
We safely return treated water to rivers and watercourses.

ANNUAL PERFORMANCE REPORT

HIGHLIGHTS

DELIVERING OUTCOMES OUR CUSTOMERS CARE ABOUT

Our services are an essential part of our customers' lives. We take this responsibility seriously and strive to keep water flowing and continuously take wastewater away, whilst working with customers to manage demand.

Building a lasting legacy for our customers today and for generations to come is one of our most important responsibilities.

We have invested a significant amount of time and resource into strengthening the resilience of our water networks over AMP7; bringing more assets online to enhance our network, improving our flexibility so we can get water to the right places at the right time, and creating an in-house Network Response Team – dedicated to finding and fixing problems and getting our customers back on supply as quickly as possible.

This investment has proven worthwhile and is reflected in our water metrics. AMP7 saw us live through some of the hottest and driest summers since records began. The resilience of our network, combined with the incredible support from our customers in response to our extensive demand management campaigns, meant we were able to keep the water flowing, navigating the summer conditions - we are proud to have not had Temporary Usage Bans (also known as hosepipe bans) in 30 years. However, it is clear that weather extremes are now part of our business as usual. We are not at all complacent and have applied a great deal of focus to our readiness plans ahead of entering the summer period.

We continue to make great progress on our leakage journey and we have seen a significant year-on-year leakage reduction, beating our target with a 16.8% leakage reduction across AMP7. We are also repairing significant visible leaks 60% faster than at the start of AMP7, thanks to improvements in our planning and scheduling processes which help us to manage our performance in real time and novel technologies such as no dig fixes, which can reduce fix times from three days to just 30 minutes with minimal customer and community disruption.

Similarly, supply interruptions are at their lowest ever level, achieving our regulatory target with the average customer on supply for more than 99.99% of the year. And on low pressure, we have once again outperformed our target, with a total of 325 low pressure days against our target of 17,062, reinforcing that our £15 million investment in AMP7 is turning the dial and improving services even further for customers.

Waste is another area where we have made significant investment over AMP7 and we are seeing the benefits. Insourcing our Waste Infra Response Team in 2023 gave us greater internal control over the quality of work delivered. Our 'right first time' approach to blockages has reduced the number of repeat incidents - we have reduced blockages by 40% over the AMP7 period and new innovations and technology have prevented many potential issues.

We have worked hard this year to drive improvements in areas our customers care about most – such as internal sewer flooding. Our new 'fast response' approach has helped to prevent external floods becoming internal, and we have achieved our best ever internal sewer flooding performance, outperforming our target this year. We have also achieved our public sewer flooding target, meaning we have hit our target every year this AMP with a 13% reduction across the five years.

Whilst our serious pollutions performance for the year meets the Environment Agency's highest EPA 4* standard, we are disappointed with our overall pollutions performance and are therefore investing £400 million over the next two years to deliver a real step change.

Our Pollution Incident Reduction Plan ('PIRP') will drive performance improvements at the pace our customers expect, including improving 400 sewage pumping stations, insourcing the capability to undertake complex sewer repairs, creating a Repeat Prevention Team to reduce follow-up incidents and increasing our level of proactive interventions.

Scan the QR code to download our Pollution Incident Reduction Plan

OUR 2025-30 BUSINESS PLAN

An outstanding Business Plan

We are delighted that our Business Plan for 2025-30 was awarded 'outstanding' status by Ofwat – in recognition of both its quality and the scale of our ambition.

Our AMP8 Final Determination totex allowance of £14.9 billion is around twice as much as was approved for AMP7, £6.4 billion of which is dedicated to service and environmental enhancements. We expect to generate nominal Regulatory Capital Value ('RCV') growth of 60% across the AMP, which would take our AMP8 closing RCV to around £17.2 billion (in 2022/23 prices).

Our biggest ever enhancement investment

Building on our strong operational and environmental track record, in AMP8 our largest ever enhancement programme will allow us to make significant progress in areas our customers care about most, including:

- Delivering the industry's fastest and most ambitious spills reduction programme, as we aim to halve spills by 2030 and strive towards global best practice.
- Accelerating the improvement of river health, so we account for just 2% of Reasons for Not Achieving Good Status ('RNAGS') in our region by 2030.
- Delivering a further 14.8% reduction in leakage and replacing around 1,400 km of water mains.
- Strengthening water resilience to ensure we can meet customer demand during hot weather.
- Scale investment into water treatment and biosolids to address per and polyfluoroalkyl substances ('PFAS').
- Supporting growth in our region through investment in 70 waste treatment works; and
- Achieving operational net zero by 2030.

Organisational readiness

Our Business Plan is intentionally ambitious, and our investment and work in AMP7 has positioned us strongly to deliver in AMP8:

- Our in-house Design Team unlocks digital and automation capabilities.
- Our Plug and Play delivery model drives speed and efficiency on critical asset types.
- A broad and diverse supply chain provides resilience and flexibility.
- Shareholder support for our £1 billion equity raise has enabled us to accelerate AMP8 investment.
- Stepping up our capital expenditure to £1.7 billion in the final year of AMP7 means we are already at our AMP8 run-rate.
- Having accepted Ofwat's Final Determination in January 2025, our delivery of AMP8 is already underway.

Affordability and support

We remain committed to keeping bills affordable, while delivering record investment. We will begin and end AMP8 with the second lowest bill in England and our £575 million affordability package will support one in six customers with their bill by 2030. Additionally, we will support 100,000 people through our 10-year Societal Strategy and our Community Fund will continue into the next AMP.

Our Business Plan has high levels of customer support, with an 81% acceptability rating according to CCW research on Ofwat's Draft Determinations, the highest in the sector.

CARING FOR PEOPLE IN OUR REGION

Building our future skills

We are dedicated to building our future skills by investing in new talent and we take a unique and personal approach to recruitment. By using our in-house model, even for senior roles, we get to know our candidates better and give them a thorough understanding of our company and culture. This approach helps us create better job and career matches, and allows us to find and attract top talent more effectively.

Our commitment to meeting future skills needs is reflected in our wide array of new talent programmes. We now offer our broadest range of new talent programmes, including roles in support functions, operations and engineering and continue to invest in key skills areas, such as cyber security, environmental management and process engineering.

This year, we have introduced new programmes in strategy and regulation and environmental management to develop future leaders. These programmes have been instrumental in enhancing diversity; our Operational and Environmental Leadership Programme continues to improve our gender diversity, with 57% of participants being female.

Work experience is a critical component of our future skills strategy. To support this, we have hosted 90 individuals through paid work placements and internships during 2024/25 and provided over 95 students with work experience opportunities.

We also have three interns on our annual programme with Derwen and Hereward Colleges, which is designed to support students with special educational needs and disabilities ('SEND') to gain first-hand work experience.

Whilst we ensure we attract the right external talent, we are also committed to supporting internal promotions and succession forms the foundation of our approach to building skills and leadership resilience in our organisation.

Currently, 55% of our vacancies are filled internally. In the last two years, 20% of employees have progressed to a broader role or been promoted, with over 400 of these colleagues moving from frontline or advisory roles to Team Manager or Technical Expert level and over 56 promotions to Business Leader or Senior Professional level roles.

Our in-house Academy allows us to adapt and refine our training approach in response to regulatory or technology changes. The versatile facilities provide a variety of traditional and experimental training environments, offering a safe place for our colleagues to build essential practical and technical skills to better serve our customers and communities.

Providing a diverse and inclusive place to work

We celebrate diversity and inclusion and embrace individuals' contributions, no matter what their age, gender, race, ethnicity, disability status, sexual orientation, social background, religion or beliefs.

By employing, valuing and investing in a range of local talent with different backgrounds, experiences and perspectives, we can build a skilled workforce that can really understand and empathise with all our customers and communities, and deliver our services in the way they want them.

We are proud of our track record on gender diversity, and we were delighted that Severn Trent achieved second place for representation of women on the Board in the FTSE Women Leaders Review 2025.

As at 31 March 2025, our Executive Committee comprised four female and five male members (44.4% and 55.6% respectively). 21 (45.7%) of our Senior Leaders (including our Executive Committee) were female and 25 were male (54.3%). Female representation in the Group was 29.0% (2,849 women), with male representation at 71.0% (6,997 men). Five members of our Board, including the Chair, were female (62.5%) and three were male (37.5%).

INNOVATION SPOTLIGHT – OUR SOCIETAL STRATEGY

Our Societal Strategy, launched in 2022 to reach 100,000 people in, or at risk of, water poverty by 2030, aims to improve life chances through access to high-quality employment-related training and career opportunities.

Maintaining our focus in areas of high deprivation in our region, we have expanded our schools programme with employability training, mock-interviews, career assemblies, work experience and discovery days. Our corporate volunteer offer continued to grow with the introduction of NeighbourGOOD this year, where local organisations can apply for Severn Trent volunteer time and a small grant. This year, we have also launched our Learning, Employability and Preparation initiative to create pathways into roles at Severn Trent for people who may have barriers to work.

We have made excellent progress since its launch, including:

- Supporting 12,500 school students through a series of employability workshops, assemblies and mock-interviews.
- Hosting 200 students through unpaid work experience.
- Providing paid work experience placements and internships to 180 individuals.
- Organising nine Big Boost events across Birmingham, Coventry and Derby, attracting over 4,800 people.
- Having 1,000 students attend a Discovery Day.
- Helping 5,700 members of the community via our employability support sessions.
- Our employees volunteering 13,500 hours to support the local community and environment.

Creating opportunities in our region

Social Mobility Index

We have officially been named as one of the country's top performing companies for improving social mobility. For the sixth year running, we have been placed in the top 10 on the Social Mobility Index, coming in at 9th place out of 75 companies.

The Social Mobility Index, which is in its eighth year, ranks UK employers for their commitment to making sure those from all social backgrounds have access to the same opportunities.

Community Fund

In our 2020-25 Business Plan, we pledged to create a new Severn Trent Community Fund that donates 1% of Severn Trent Water's annual profits after tax (more than £10 million over five years) to good causes in our region.

In 2024/25, the Community Fund awarded over £2 million to over 113 organisations. Since the Community Fund's inception, we have awarded over £11 million to 896 organisations across our region.

Scan the QR code to download our Community Fund Report

Supporting our customers

To be truly impactful in our communities, we need to help more of our customers who need support today. Our average combined bill for the year remains the second lowest in England. Even though our bills are low, some customers have difficulty paying and we make it clear to our customers that we do not want anyone to fear their bills.

So far this year we have provided over £88 million of support for around 290,000 of our customers. Between 2025 and 2030, we are doubling the number of households who might be eligible to receive financial help with a new £575 million package of support. That means around one in six customers across our region, or nearly 700,000 households, could receive help with their bills.

In respect of our vulnerable customers, we also aim to reach out to as many customers as possible to find those who might need additional support from us. We now have 9.9% of our customers signed up to our Priority Services Register, which ensures those who need additional support are prioritised during an incident so we can provide them with bespoke communication and a personalised service.

Scan the QR code to download our Customer Vulnerability Strategy

RUNNING A BUSINESS THAT GOES HAND-IN-HAND WITH NATURE

Environment

The natural environment is at the heart of our operations and everyone in our business is focused on protecting and enhancing nature, habitats and rivers across our region. We know that looking after nature helps to look after water.

As part of our commitment to the environment, we created our Great Big Nature Boost ('GBNB'), an industry-leading initiative to enhance biodiversity and make improvements to nature across our region.

Great Big Nature Boost 2027 targets:

- Enhance biodiversity across 5,000 ha
- Plant 1.3 million trees
- Restore 2,000 km of rivers across our region

In 2020, we set ambitious targets including boosting biodiversity across 5,000 ha in our region by 2027. We were delighted to reach this target four years early, in 2023, and we set ourselves a new ambitious target of improving 10,000 ha by 2025 – still two years earlier than our original target. We are thrilled that we surpassed this goal in 2024 and have now delivered improvements to over 16,200 ha – more than three times our original target. Our work to enhance and preserve our natural environment accounts for more than 3% of the nation's 2042 Nature Recovery Network target.

Our collaboration with nationally recognised and trusted partners such as the National Trust, RSPB and the regional Wildlife Trusts has been fundamental in achieving our ambitious plans. By leveraging the expertise and dedication of our partners, we have been able to go further and faster to deliver changes that protect and celebrate the natural environment. In this final year of AMP7, we have worked with 20 individual partners on 36 projects across our patch, which has delivered nature improvements to over 3,100 ha across our region.

Examples during the year include our collaboration with the Shropshire Wildlife Trust and Shrewsbury Town Council supporting the reintroduction of beavers to Shropshire after 400 years. Beavers play a crucial role in creating natural habitats, enhancing water quality and reducing flooding. By constructing dams, beavers help to filter and purify water, positively contributing to the health of our waterways. This is the third reintroduction of beavers in our region that we have supported, aided by learnings at Willington Wetlands in Derbyshire and the Idle Valley Nature Reserve in Nottinghamshire in 2021. Since then, both sets of beavers have established their habitats, created dams and demonstrated why they are nature's natural water engineers.

In 2019, we made a pledge to plant 1.3 million trees as part of our GBNB and we have made good progress to deliver our target by 2027. To date we have created 33 new woodlands, planted 72 tiny forests and worked with our environmental partners and landowners to plant a million trees. This includes creating a carbon neutral legacy for the Birmingham 2022 Commonwealth Games as part of our commitment to help create the most sustainable games to date.

Our Boost for Biodiversity grant fund – which offers small grants for community organisations and land owners to improve habitats – is now in its fifth and final year. The fund has supported 27 projects, delivering over 130 ha of improvements across a range of projects, including wildflower meadows, woodland management and improvement, invasive species management and wetland restoration.

Other projects we have undertaken during the year include creating flower-rich roadside verges in Shropshire and reinstating meadows in Warwickshire to boost populations of wildflowers, fungi, bees, butterflies and bats. Our longstanding partnership with Moors for the Future continues its vital work in the Peak District across the Bamford Catchment and in Combs Moss, helping to restore the degraded peatland through planting Sphagnum moss, a vital building block for the restoration of blanket bog. This work is vital in helping to capture and store water, as well as protecting the peat from erosion – this helps reduce overland flow during storms and protects drinking water quality.

We are incredibly proud of the work we do to protect and enhance nature and we have delivered a number of significant improvements in our region over the last five years. We remain focused on this as we enter AMP8, continuing to work hard for nature as well as maintaining the work that we have completed with our partners.

INNOVATION SPOTLIGHT – EMERGING RISKS IN ACTION

Our environment is constantly changing and, as part of our horizon scanning activity, we identify potential emerging risks of relevance to our business. To bring this to life, we have included an example of one such emerging risk – PFAS – and the way we are dealing with this to position us strongly for the future.

This disclosure provides a brief overview on PFAS, its origins and relevance to the water cycle and our operations. It also demonstrates the proactive approach we are taking to identify, monitor and remove PFAS – using learnings from other industries and sectors.

PFAS-coated items are widely used in every day products and ultimately end up in a number of water sources through no fault of water companies.

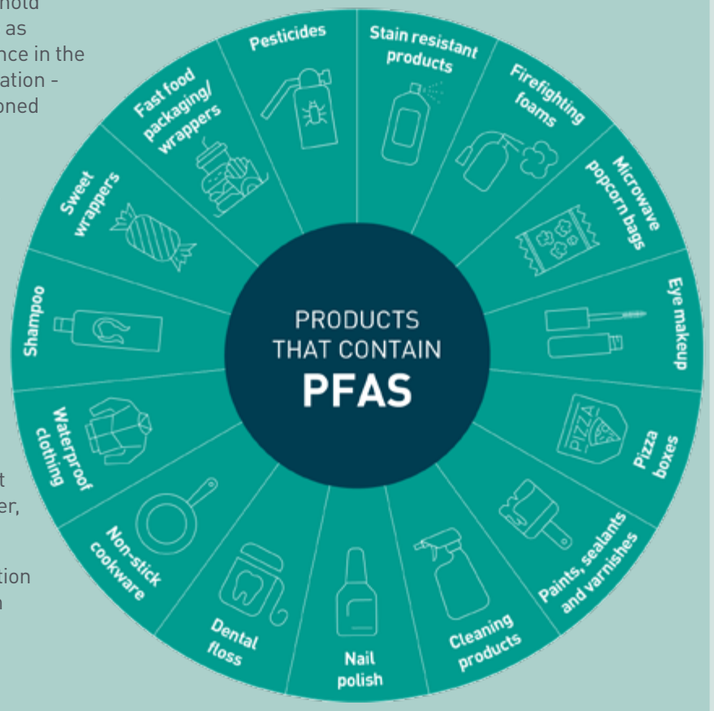
What are PFAS and where do they come from?

PFAS are a group of thousands of synthetic chemicals that are widely used industrial and household products. They are commonly referred to as 'forever chemicals' – given their persistence in the environment and resistance to biodegradation - and you will likely have seen PFAS mentioned in the media.

PFAS chemicals have been widely used since the 1940s, most commonly for their non-stick properties – which increase the durability of everyday items. The large, and wide ranging, extent of PFAS usage in everyday items is shown in the diagram opposite.

As PFAS-coated items are discarded into landfill, and used in fire-fighting activity (such as fire extinguishing foams), they ultimately end up in a number of water sources through no fault of water companies – such as groundwater, rivers, lakes and other waterbodies.

In our region, we also have a high proportion of industry and manufacturing, which can lead to trade effluent sources of PFAS.



What are the rules around PFAS?

In the UK, two PFAS compounds were restricted in the early 2000s: perfluorooctane sulponate ('PFOS'); and perfluorooctanoic acid ('PFOA'). There are some restrictions on other compounds but not all are banned and PFAS are still widely used.

To bring to life how we have considered PFAS in the context of our business, we have split the issue into water, wastewater and bioresources.

Water

There are currently no statutory standards for PFAS in drinking water produced in England and Wales, nor is there a World Health Organization guideline value. The regulator responsible for drinking water quality, the DWI, published its latest guidance in March 2025 – confirming maximum recommended aggregated limits for 48 PFAS in drinking water at 0.1 ug/l and providing a tiered classification system, with recommended monitoring frequencies and actions for each:

- **Tier 1** – presenting the lowest level of risk – with a DWI recommendation to monitor these sites on a quarterly basis, with potential to move to annual testing. Recommended action: risk assess through the Drinking Water Safety Plan.
- **Tier 2** – with a recommended monitoring frequency of monthly to quarterly. Recommended action: establish a systematic approach to progressively reduce PFAS concentrations.
- **Tier 3** – with higher monitoring frequency, to be set dependent on the level of PFAS concentrations. Recommended action: carry out all necessary actions to reduce PFAS to below Tier 3 in the short-term, with a longer-term strategy to progressively reduce PFAS concentrations.

We have been routinely testing for PFAS since 2021, and in 2024 we created our own in-house accredited Analysis Team. To bring the scale of our testing activity to life, in 2024 we collected c.2,400 samples – almost double the voluntary regulatory recommendation of 1,384 samples – and during 2025, we will expand this even further.

We have classified all of our water sites ahead of regulations coming into force and, at present, the majority are classified as DWI Tier 1 or 2, with two new sites in Tier 3 that are not yet supplying customers.

For Tier 3 sites, we have agreed improvement programmes with the DWI, involving extensive commissioning and sampling to demonstrate that the water is treated to Tier 1 level PFAS before being put into supply. All sites have an appropriately scheduled sampling regime in place. We are continually monitoring all Tier 2 sites to ensure that should their classification change to Tier 3, we are able to make the immediate investment required to align with the DWI guidance.

Wastewater

River quality standards for chemicals are set under the Water Framework Directive Regulations. Currently, only one PFAS chemical – PFOS – has an Environmental Quality Standard. Around 35% of waterbodies in our region list PFOS as a Reason for Not Achieving Good Status – these are not attributed directly to our activities, as they commonly arise from surface water run-off from roads, which enters our waste treatment operations as a consequence of the UK's combined sewerage system.

We have been analysing our sewage effluent across a sample of sites for PFAS for several years, which enabled us to prioritise the sites for new Operating Technique Agreement permit conditions that come into force in AMP8 – which means we will monitor for PFOS as part of our routine sampling programme. We are applying particular focus to trade effluent sources of PFOS and are well positioned for these changes given our previous sampling activity.

Biosolids

In the UK, PFAS is not currently regulated in biosolids, but there is growing interest in this area given the high persistence of PFAS compounds in the context of sludge-to-land fertilisers. Our catchment control approach uses a range of tools and equipment to help identify the sources of PFAS in biosolids. This allows us to target and address PFAS more effectively and make interventions to mitigate and reduce catchment loading of PFAS.

Several countries have already proposed PFAS limits for biosolids, which we have been looking at closely to help inform our approach. The most recent proposed standard has been developed by Norway, which proposes a PFAS limit of 40 ug/kg in sludge spread to agricultural land. The samples we have taken from our biosolids up to 31 March 2025 indicate that all of our sites fall within the proposed limits set by the Norwegian standard. Our sampling programme will build a bigger dataset and provide an accurate baseline from which practical actions can be implemented, to ensure that we are prepared for future requirements.

What are we doing about them?

Our dedicated in-house Innovation Team has been considering PFAS for many years, looking across a range of industries, sectors and jurisdictions to identify different treatment options and approaches that can be used across our operations. Some examples include:

Water

Since 2022, we have been piloting various treatment options to optimise PFAS removal, and PFAS destruction, at our new Witches Oak Water Treatment Works. Treating water from the River Trent, we are removing organics using different techniques including: magnetic iron exchange, granular and powdered activated carbon ('GAC').

We are also trialling electrochemical oxidation for PFAS destruction. This collaborative project with the University of Warwick aims to advance the electrochemical destruction of PFAS using boron-doped diamond electrodes. Utilising the University's expertise in electrochemistry, the project supports the Witches Oak pilot plant by providing lab-based testing to help optimise performance and troubleshoot challenges. Key goals include assessing electrode durability, testing both real and synthetic samples and exploring additives that could improve PFAS destruction efficiency.

Wastewater

We have invested in a pilot plant at our Minworth Wastewater Treatment Works to trial various combinations of GAC and clay-based media in six absorption columns. Our aim is to establish the most effective approach to PFAS removal to ensure we are prepared for future developments.

Our full pilot plant includes a 12-month sampling programme. And whilst only PFOS and PFOA have environmental quality standards at the present time, we are analysing the full PFAS suite, comprising 48 compounds, to ensure we are fully prepared for future requirements.

We are leading on a project investigating a 'whole-system approach to PFAS treatment', in partnership with Cranfield University and other UK water companies. Part-funded through the Ofwat Innovation Fund, the aim is to combine the most promising PFAS removal technologies with effective destruction methods to prevent reintroducing these persistent chemicals to the environment. The project will assess the performance, efficiency and safety of different technology pairings, ensuring that PFAS are fully destroyed without risk of creating by-products.

Biosolids

We have been awarded an Ofwat Innovation funded project to investigate biochar production as an alternative to conventional biosolids management practises. Biochar is a charcoal-like product that can be created from biosolids through a process called Advanced Thermal Conversion ('ATC'). Biochar has several potential benefits, including improving soil fertility, sequestering carbon and reducing GHG emissions.

This project includes assessing PFAS destruction via ATC and identifying the optimum conditions for this. Phase one of this project is underway and biosolids have already been transported to our ATC partner to begin determining the conditions that produce high-quality biochar that also destroys PFAS.

We have also been awarded funding though the Ofwat Innovation Fund, to develop the end-to-end industrial process to convert biosolids into syngas, sustainable liquid fuels, biochar and carbon. This will build on the outputs of the biochar project to ensure that PFAS is destroyed through the process. It includes building an industrial-scale ATC plant that has been designed by Hybrid Gasification Ltd with support from Durham University alongside a low-energy biosolids dryer (effectively an advanced form of composting) designed by Jacobs. The project also includes a smaller pilot-scale application of novel low-temperature plasma reactor technology that will convert the hydrogen-rich syngas that is a bioproduct of the process into sustainable liquid aviation and marine fuels and high-purity carbon.

A DRIVER OF POSITIVE CHANGE

Get River Positive

In 2022, we launched our Get River Positive campaign alongside Anglian Water and Hafren Dyfrdwy as part of our commitment to reduce our environmental impact on rivers and ensure their long-term health. At the heart of this industry-leading initiative are five ambitious pledges as detailed below.

Since its inception we have delivered strong results and our focus on making further improvements continues, supported by collaboration with all of our stakeholders, sustained investment and positive community engagement. We understand the importance of our environment and will continue to focus on rivers, seeking to innovate and invest in more sustainable solutions for a resilient future for rivers.

To find out more about how we are making a difference to rivers in our region, subscribe to our quarterly newsletter via our website.

PLEDGE 1: ensure storm overflows and sewage treatment works do not harm rivers

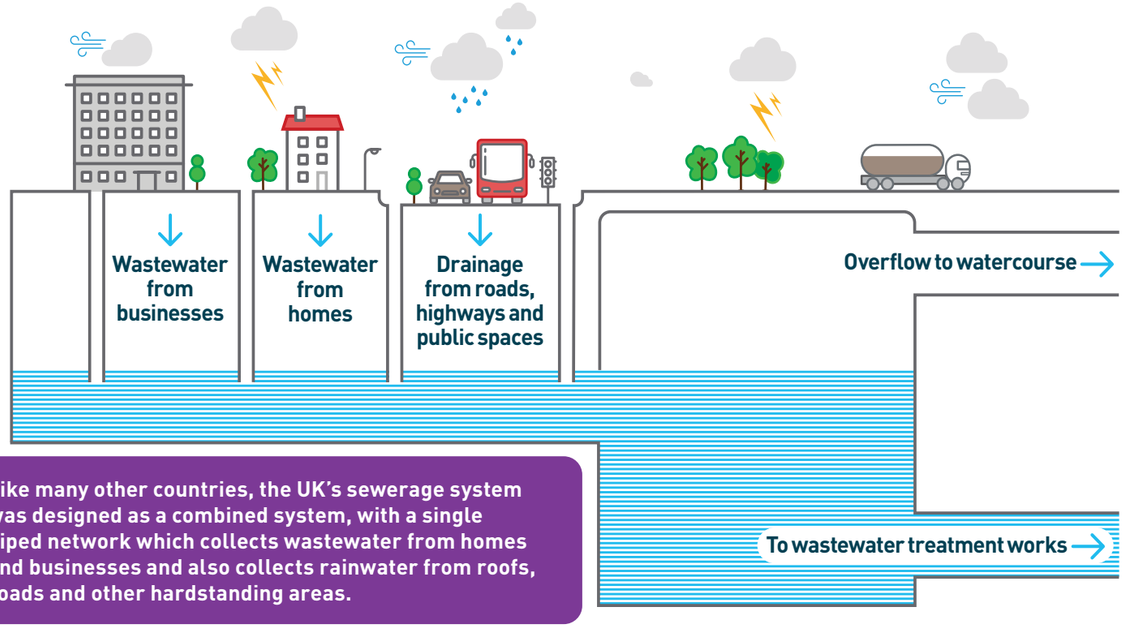
PLEDGE 2: create more opportunities for everyone to enjoy our region's rivers

PLEDGE 3: support others to improve and care for rivers

PLEDGE 4: enhance our rivers and create new habitats so wildlife can thrive

PLEDGE 5: be open and transparent about our performance and our plans

What are combined sewer overflows ('CSOs')?



Like many other countries, the UK's sewerage system was designed as a combined system, with a single piped network which collects wastewater from homes and businesses and also collects rainwater from roofs, roads and other hardstanding areas.

PLEDGE 1: ensure storm overflows and sewage treatment works do not harm rivers

River health is declining across the UK, with only 14% achieving Good ecological status. Our Get River Positive pledges are critically important to us as they represent our commitment to river health. By addressing spills, reducing pollution, and investing significantly in river health, we will protect and restore the natural beauty and biodiversity of rivers in our region, ensuring a sustainable future for generations to come.

Our operational area includes over 778 waterbodies. We reduced our contribution to RNAGS in our region's rivers to 14% in 2023, a significant improvement. Through our work installing complex schemes over the last 12 months, our RNAGS contribution has reduced further to 10.8% and we are on track to meet our goal of less than 2% by 2030. Despite the ongoing challenges of climate change, such as extreme weather patterns and significant flooding, our customers expect us to be resilient to climate change and extreme weather impacts and continue to reduce our impact on rivers in our region.

In May 2024, we announced our industry-leading CSO Improvement Plan, with the objective of improving our wastewater network and reducing storm overflow usage. Over the last year, our teams have worked hard to implement over 1,200 permanent enhancements to eliminate spills from storm overflows across our region, bringing our total to over 1,800 since work commenced. This reflects excellent progress against our initial commitment to deliver 900 enhancements by December 2024.

By Autumn 2025, we will have completed more than 2,100 enhancements. The scale of the project has been made possible by a new dedicated team of 500 people across our organisation and the supply chain. We have delivered an average of 34 projects per week since June 2024, ranging from new storm water storage tanks, innovative wastewater treatment solutions to capture, store and treat flows and flap valves to prevent river inundation when river levels rise during periods of flooding. Early analysis shows our investment is working – and our improvements have helped prevent thousands of spills last year alone, despite a record year of rainfall and extreme weather events resulting in an average of 25.4 spills in the year.

We are proud that this huge engineering programme, delivered at speed, has put us on track to reduce the average number of spills from storm overflows by over 25% from our 2024 levels, reducing spills to an average of 18 per year by December 2025.

Operational Optimisation Innovation Centre

We recently announced the creation of our Operational Optimisation Innovation Centre ('O2IC') at our Alfreton wastewater catchment.

This cutting-edge facility has been designed to mirror the success of our Resource Recovery and Innovation Centre ('R2IC') at Spernal, which has positioned us as global leaders in the measurement and management of greenhouse gas emissions in the water sector. The O2IC will act as our permanent test facility to combine AI solutions, operational and engineering technologies, within a single wastewater catchment.

This will create a unique opportunity to develop, monitor and refine AI-driven innovations such as real time monitoring, predictive maintenance and optimisation of treatment processes, in a structured environment. This initiative will also enable us to understand and address the people and process transformations needed for successful implementation, as well as rigorously testing the functional safety and security of AI solutions to ensure safety and environmental risks are properly managed.

A DRIVER OF POSITIVE CHANGE

PLEDGE 2: create more opportunities for everyone to enjoy our region's rivers

The health of our rivers is important to our customers and communities and their wellbeing. In recent years, more and more people have been using the rivers in our region and that is why Pledge 2 of our Get River Positive campaign is so important – it is not only about providing opportunities for recreational activities across our estate but also ensuring that our investments lead to cleaner, safer, and more vibrant waterways for all to enjoy. Our £78 million investment as part of our Green Recovery Bathing Rivers programme delivered innovative wastewater treatment technology at Ludlow, Itchen Bank, and Frankton. Using innovative ozone technology, this work has reduced our impact on rivers in Shropshire and Warwickshire.

We are also committed to enhancing recreational activity opportunities at our visitor sites. This year, we were pleased to host our inaugural controlled open-water swimming event at Carsington Reservoir in Derbyshire, which saw participation from almost 300 swimmers. Following the success of the event, we are developing future plans for recreational activities at other reservoirs and hosting our first triathlon event at Carsington Reservoir on 13 July 2025 with British Triathlon. We are working closely with the sailing, angling and paddle clubs based at our reservoirs. Swimming at our reservoirs is just one way we have interacted with local communities.

Our partnership with the Clean Water Sports Alliance has continued this year and we have engaged with clubs and organisations who use our region's rivers for sports and recreational enjoyment, to understand their perspectives and help inform our future activities.

PLEDGE 3: support others to improve and care for rivers

Collaboration with others is crucial to restoring river health – no single organisation or group can solve the issue single handedly. We know that by working with other industries, local communities and river-user groups and schools we can have a bigger impact on improving river health. Whether it is funding restoration projects, partnering with local wildlife trusts, or collaborating with farmers to minimise their impact on rivers, we want to work together to make a difference.

Our Community Fund has an important role to play, with more than £748,000 awarded over AMP7 to projects that enhance and improve river health. One of our largest contributions has helped the Friends of Bennerley Viaduct to continue transforming a once derelict, fly-tipping hotspot into a thriving heritage and green space. After 50 years of closure, the viaduct has been reopened to the public, with more than 13,000 people – including 2,900 children – engaged in a variety of programmes over the last three years. Our donation of £74,500 will support the development of a new visitor centre and a new rewilding scheme to boost biodiversity as well as provide a much improved community space to enjoy.

Our continued partnership with farmers in our region has enabled us to safeguard water quality through various programmes and grants, including our Severn Trent Environmental Protection Scheme ('STEPS'). In the past year, we have awarded 166 STEPS grants, worth almost £2 million, for on-farm improvements that help protect water quality by reducing pesticide, nitrate and cryptosporidium reaching raw watercourses. 83% of farmers involved told us that they are very satisfied with our collaboration, and 89% believe the on-farm changes made through our schemes will benefit the environment.

PLEDGE 4: enhance our rivers and create new habitats so wildlife can thrive

Our dedicated River Rangers work tirelessly to improve the health of our rivers through monitoring water quality across rivers, streams and brooks in our region. Their work includes regular inspections, water-quality testing, and conservation activities to support local wildlife and habitats. In the past year, our River Rangers have carried out over 4,300 inspections, taking the total number of inspections to more than 10,000 since the team's inception in 2022. Furthermore, they have attended more than 420 external stakeholder meetings, reaching nearly 2,500 people in relation to river health.

In collaboration with several environmental groups, including wildlife trusts across our region, our river restoration projects have ranged from small scale, such as simple log dams, to more complex mitigations, including eel and fish passes, all with the objective of reducing the volume of structures and water restrictions on our waterways.

We have also made good progress with our Great Big Nature Boost scheme, improving the biodiversity of over 16,200 ha across the region – more than double our original goal. This reflects our commitment to environmental stewardship and our dedication to enhancing the natural beauty and biodiversity in our region.

PLEDGE 5: be open and transparent about our performance and our plans

Over the last year, we welcomed three new members to our Get River Positive Independent Advisory Panel to include Stuart Singleton-White from the Angling Trust, and a member of the Clean Water Sports Alliance, and Alison Biddulph, who led the Bathing Waters Designation in Shropshire. The expertise and commitment of our Advisory Panel is a key contributor to informing our approach to protect and enhance river health. The Advisory Panel's insights and constructive challenge has been hugely beneficial.

We are committed to reporting our performance transparently to our customers, communities and wider stakeholders and we launched our Storm Overflow Map in April 2024, which was a major milestone. The map provides a near real-time view of the data from our Event Duration Monitors ('EDMs') and is underpinned by over 300 million data points. Based on feedback from our Advisory Panel and other stakeholders, we further enhanced our map in February 2025 to provide detail of our planned and completed investments for each overflow.

We also launched the National Storm Overflow Hub in December 2024 in collaboration with the Stream open data initiative and other water companies. The Hub collates data from all English water companies into one dataset, providing the public with access to nationwide data, which they can download and utilise as needed. In the year ahead, we will publish our open data strategy on our website, to provide transparent insights into our open data engagement principles.

We have continued our partnership and collaboration with citizen scientists and other interested parties, such as the Severn Rivers Trust, to support others to better understand river water quality. This includes investigating methods for citizen scientists to test for bacteria in water and interpret the results. Working with our laboratories and the River Protection Team, we have trialled more than six testing methods and are now close to developing a tool that citizen scientists can use. This programme is due to be completed in September 2025.

We will be investing a further £2 billion over the next five years to improve river health. We are also committed to enhancing transparency by installing around 1,000 river water quality monitors across our region by 2030. Applying learnings from our Storm Overflow Map, we will explore how to effectively share this information with our customers, communities and other interested stakeholders on our website.

Furthermore, we have committed to ensuring we are open and transparent and provide information on our EDM performance on our website in an easily accessible format. Our data is published annually at present and we are pleased to commit to publishing our EDM data quarterly moving forwards, with the aim of reporting monthly before the end of the year.

A DRIVER OF POSITIVE CHANGE

Green Recovery

This year marks the successful completion of our ambitious Green Recovery programme, for which Ofwat approved an additional £566 million (2017/18 prices) investment in 2021. We are proud of the benefits this programme has delivered for our customers, communities and the environment. Our Green Recovery initiatives have not only addressed immediate challenges but have also laid the groundwork for a more sustainable future for the sector more broadly. We remain committed to continuing our efforts to protect and enhance the natural environment, ensuring a resilient and thriving region for generations to come.

Bathing rivers

Our goal

Improve the water quality of the River Leam and River Teme by upgrading three wastewater treatment works, treating and reducing spills from storm overflows and undertaking river water quality monitoring.

Achievements

We have successfully completed the project and achieved our March 2025 target. The installation of our wastewater treatment works ozone disinfection upgrades is now complete at all three sites. Our off-site assembly approach proved to be timeefficient, more cost-effective, and supportive of equipment testing and commissioning.

Our planned improvements to 24 storm overflows included the delivery of storage tanks and surface water separation, which have increased the length of river we have improved to more than 120 km, delivering benefits for customers, communities, and the environment.

Throughout this project, we have collaborated with the Rivers Trust to better understand how our customers and communities use rivers and engaged with local communities about our plans, which has informed our collective approach to taking care of rivers.

Protecting customer supply pipes

Our goal

Replace up to 26,000 lead or leaking customer-owned supply pipes in Coventry and Bomere Heath, removing lead and reducing leaks by around 1 million litres a day from customer-owned pipes.

Achievements

We increased the rate of delivery, and have successfully replaced over 17,000 supply pipes, including almost 10,000 replacements this year.

In Bomere Heath, we completed a full sampling programme to identify any remaining lead pipes. Moving forward, we will work closely with the DWI to investigate disengaging phosphate dosing in the area, thereby reducing the carbon impact of our water treatment processes.

Lead supply pipes are not solely a problem for Severn Trent customers and we were keen to share our experience with other water companies. We held a Lead Industry Day in October 2024, bringing together over 90 attendees from water companies, trade bodies and regulators to talk about the issues and our approach.

We estimate that we have reduced leakage by 0.22 m^3 throughout this project. Additionally, the programme generated significant employment benefits in our region with over 3,400 jobs completed through the model in Coventry using local suppliers.

Water resources

Our goal

Increase water supplies by treating up to 93 Ml/d using low-carbon-impact treatment processes, and share our knowledge with other water companies. In addition, our work aimed to increase the biodiversity of up to 46 ha of habitat at our Witches Oak wetland next to the River Trent.

Achievements

The construction of our Raw Water Abstraction and Transfer Project completed in March 2025, despite exceptional weather and flooding events. As part of this project, we have successfully refurbished the Witches Oak abstraction pumping station to ensure it operates at optimum capacity and efficiency – building resilience for customers and the environment. The 31 floating wetlands biologically pre-treat the raw water before we abstract it, reducing the amount of traditional treatment required. Our innovative ceramic membrane pilot plant has been operational since December 2022 and is collecting critical data to support real-time optimisation of the new treatment works utilising this technology.

The brand new Witches Oak Water Treatment Works began commissioning in December 2024, and we are increasing the volume of water treated throughout the spring. We have installed new pipework to deploy the treated water from Witches Oak Water Treatment Works into our network, ensuring a sustainable water supply for the future.

Flood-resilient community

Our goal

Create the UK's first catchment-scale flood-resilient community in Mansfield, using an innovative 'nature-based' approach to reduce surface flooding risk.

Achievements

We achieved this by installing Sustainable urban Drainage Systems ('SuDS') across Mansfield to absorb rainwater, providing additional storage capacity and, crucially, reducing surface water flooding for customers and communities in this area. We delivered more than 31,000 m^3 of surface water storage through our interventions, constructing 84 rain gardens and bioretention tree pits with a capacity of almost 955 m^3, and more than 11,300 m^2 of permeable paving with an estimated 2,900 m^3 of storage. Natural solutions, such as bioswales and detention basins, have delivered significant benefits – with our 143 bioswales providing a storage capacity of over 14,700 m^3 and our 12 detention basins providing storage capacity of more than 12,500 m^3. Whilst primarily mitigating against surface water flooding risks, these interventions have also delivered environmental benefits, such as increased biodiversity and community amenity benefits.

We have learned a huge amount about the actual costs of retro-fitting SuDS through this project and how to roll them out at scale in a more cost-effective way. This knowledge will be used to help us, and others in the sector and more broadly, to deploy SuDS interventions moving forward.

Improving our region's rivers

Our goal

Support environmental improvements to 500 km of rivers, accelerating our planned WINEP investment by three years. This includes delivering 47 Water Framework Directive ('WFD') statutory obligations faster by carrying out schemes to reduce storm overflows and remove phosphorus.

We will also undertake Storm Overflow Assessment Framework ('SOAF') investigations to inform and prioritise future investment.

Achievements

We successfully delivered 21 WFD points by the end of March 2025 – 14 more than our required seven.

The remaining WFD points are on track for delivery by the end of 2027. Accelerating the delivery of our WFD obligations delivers improvements to our rivers more quickly. We have also been installing more chemical dosing systems, reedbeds and mechanical filters to reduce the amount of phosphorus in the rivers resulting from our wastewater operations.

In addition to the WFD points, the project also delivered 54 overflow spill reduction interventions (such as weir height increases) and SOAF investigations to inform and prioritise our future investment.

Smart water meters

Our goal

Help customers save water – and also reduce their bills – by installing over 157,000 smart water meters to individual household properties, aiming to promote water efficiency and reduce consumption by providing customers with real-time data on their water usage.

Achievements

We have installed more than 157,000 smart meters through the project, providing blueprint for our smart meter installations in AMP8, which has been shared with the broader sector. The smart meters installed across the Coventry area are enabling customers to monitor their water usage and identify leaks or internal plumbing issues quickly. In addition, they have real-time visibility of the positive impact they are making – reduced water use means lower energy consumption and lower GHG emissions.

We now have a much-improved ability to handle the increasing volume of data while maintaining the integrity of our data systems. Importantly, we can now leverage smart data to drive meaningful insights in water management. It is an ongoing process which will maximise the benefits of smart metering, leading to a more sustainable and efficient water network.

The success of this project is reflected in our leakage and per capital consumption performance, which has surpassed our expectations and has saved 7.2 Ml/d in 2024/25 and 12.4 Ml/d over AMP7.

Read more in our 2024/25 Green Recovery Report.

Scan the QR code to download our Green Recovery Report.

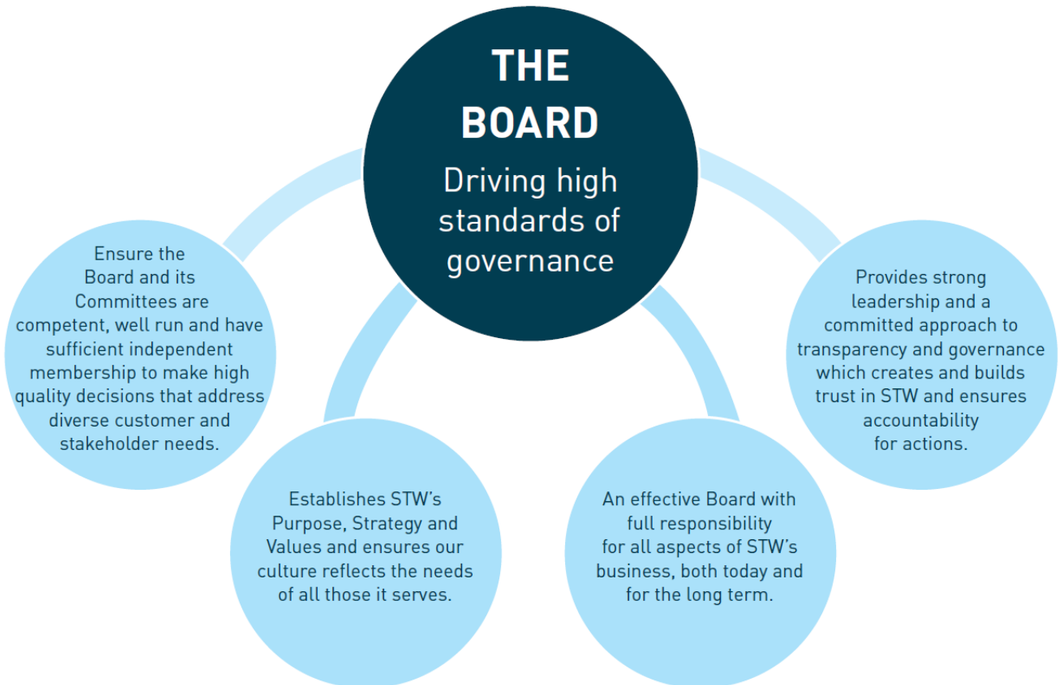
OUR APPROACH TO BOARD LEADERSHIP, TRANSPARENCY AND GOVERNANCE

OUR APPROACH TO BOARD LEADERSHIP, TRANSPARENCY AND GOVERNANCE

Transparency and trust are two of the most important things in our sector. We are disappointed that trust in our sector has declined and are focused on engaging with our stakeholders to build back their trust in us. We strive to uphold the highest levels of corporate governance and demonstrate transparency in our reporting in a way that is meaningful for all of our stakeholders so they can hold us to account.

We regularly review how we report on matters relating to Board leadership and governance, to identify ways that our reporting can be further enhanced, and feedback from our stakeholders is welcomed.

Ofwat's 2019 Board leadership, transparency and governance framework (the 'BLTG'), sets out the important role of effective corporate governance and strong board leadership in driving high standards and securing the proper discharge of functions. Severn Trent Water's ('STW') Licence requires the Company to meet the BLTG objectives and explain in an effective, accessible and clear manner how this has been achieved. The Board is satisfied that all objectives under the BLTG have been met during 2024/25; this section of the report provides further detail and outlines how the Company continues to deliver for its customers and other stakeholders.



This section references a number of documents and reports that provide further detail to support our statements. You can find more detailed information about both the Severn Trent Water and Severn Trent Group (the 'Group') policies on our websites.

We provide relevant cross references throughout this section and the wider Annual Performance Report.

Documents available at severntrent.com

- Severn Trent Plc Annual Report and Accounts
- Our Group Company Structure
- Severn Trent Water Limited Articles of Association
- Severn Trent Water Limited Matters Reserved to the Board
- Our Code of Conduct, Doing the Right Thing
- Charter of Expectations
- Group Conflicts of Interest Policy
- Group Remuneration Policy

Documents available at stwater.co.uk

- Severn Trent Water Limited Annual Report and Accounts
- Severn Trent Water Code of Practice

OBJECTIVE 1: THE BOARD OF THE APPOINTEE ESTABLISHES THE COMPANY'S PURPOSE, STRATEGY, AND VALUES, AND IS SATISFIED THESE AND ITS CULTURE REFLECT THE NEEDS OF ALL THOSE IT SERVES.

i. The Board develops and promotes the company's purpose in consultation with a wide range of stakeholders and reflecting its role as a provider of an essential public service.

The Board recognises the importance of the Company's purpose, strategy, values and culture in building and maintaining trust and delivering long-term success in order to ensure strong performance delivery for customers and the environment, both now and over time.

Our company purpose – 'taking care of one of life's essentials' – and supporting values – 'having courage, embracing curiosity, showing care and taking pride' – were developed together with our people and customers to ensure they reflect the critical role we play as a provider of an essential public service.

Since its launch in 2020, we continue to be guided by our purpose in all that we do. It forms the foundation on which we have built meaningful and long-standing relationships with our customers and wider stakeholders.

Our Corporate Strategy

DELIVERING OUTCOMES OUR CUSTOMERS CARE ABOUT
- Investing for the long term
- Resilient to our changing climate
- Putting the customer first
- Right first time every time

RUNNING A BUSINESS THAT GOES HAND-IN-HAND WITH NATURE
- Actively improving the places we touch
- Creating opportunities to enjoy nature
- Valuing our most precious natural resources
- Always thinking about our impact

CARING FOR PEOPLE IN OUR REGION
- Helping our own people thrive
- Supporting our suppliers
- Creating opportunities in our communities
- A force for good for our customers

A DRIVER OF POSITIVE CHANGE
- A role model for others
- Collaborating widely to support innovation
- Creating a market that works for everyone

Having courage

We always do the right thing and have courage to challenge the norm and speak up if things are not quite right. We are prepared to step out of our comfort zones and act with both today and the future in mind.

Embracing curiosity

We search out safe, better and faster ways of doing things through innovation and are always curious and willing to learn.

Showing care

We help keep our promises to customers and show care by treating everyone fairly and equally. We try to enhance the environment around us and spend every pound wisely.

Taking pride

We strive to make a difference for our customers every day, owning problems and working with others until they are solved. We take pride in what we do and champion our work in the communities we work and live in.

Our purpose, strategy and values are consistent with, and support, our culture of Doing the Right Thing. Our culture is embodied by everyone in our business – from the boardroom to the frontline – every day, in the decisions they make and the actions they take. The Board recognises the need for the Company's culture to be performance driven, transparent and inclusive to ensure that we deliver our strategy for the benefit of our customers, communities and the environment. Organisational culture is also a key ingredient in attracting and retaining the talent we need to deliver for our customers and broader stakeholders, both now and in the future. Our inclusive culture celebrates diversity and inclusion in all its forms, and embraces individuals' contributions, no matter what their age, gender, race, ethnicity, disability, sexual orientation, social background, religion or beliefs.

The Board, and individual Directors, are committed to acting with integrity and demonstrating a strong tone from the top in promoting the desired culture, which is why Board members complete the same mandatory e-learning modules as colleagues, covering topics including Doing the Right Thing, Anti-Bribery and Anti-Fraud, and Modern Slavery Awareness.

ii. The Board makes sure that the company's strategy, values and culture are consistent with its purpose.

iii. The Board monitors and assesses values and culture to satisfy itself that behaviour throughout the business is aligned with the company's purpose. Where it finds misalignment it takes corrective action.

iv. Companies' annual reporting explains the Board's activities and any corrective action taken. It also includes an annual statement from the Board focusing on how the company has set its aspirations and performed for all those it serves.

The Board, and individual Directors, ensure that the Company's strategy, values and culture are consistent with its purpose, and a summary of how the Board discharges this responsibility is provided below.

Our Governance Framework enables the Board to monitor and assess the Company's values and culture to satisfy itself that behaviours throughout the business are aligned with the Company's purpose and to take corrective action where misalignment is found. This framework ensures that the Board is effective in both making decisions and maintaining oversight, whilst ensuring that every part of our business – from the boardroom to the frontline – embodies our well-established culture of Doing the Right Thing. The Board holds the CEO and the Executive Committee to account for creating and fostering a positive culture, and continually assesses that the necessary culture exists to deliver our strategic goals and deliver for customers. This is facilitated through dedicated agenda updates at Board and Committee meetings, complemented by direct interactions with the workforce through our Company Forum and in meeting our employees in person throughout the year. Directors are therefore able to demonstrate a strong tone from the top and draw on their experiences first hand.

Company purpose and culture, talent development and people strategy are discussed at Board meetings throughout the year. In addition to this, the Board's oversight of the Company's culture is supported by the below dedicated agenda topics:

Employee engagement surveys

The Board reviews the results of the annual employee engagement survey to assess how engaged our workforce is compared to our peers and global utilities. The survey assesses our employees' perception of how the Company's values link to our purpose and support positive behaviours throughout our organisation. The Board places great emphasis on understanding the outputs of engagement surveys and ensuring that resultant actions are monitored through to completion.

Workforce policies and practices

The Remuneration Committee and Board review, at least annually, the Company's workforce policies and practices to ensure they remain consistent with the Company's purpose, values and culture and support its long-term sustainable success.

Employee voice and engagement

In addition to our employee engagement survey and the dedicated workforce policies and practices assessment conducted by the Board, the Board spends a significant amount of time engaging with the workforce through various company-wide initiatives to get a direct understanding of the 'employee voice'. Employee voice means different things to different people and, as such, we use multiple employee engagement initiatives to ensure the views and perspectives of our people are fully understood. We have a combination of collective and direct employee feedback mechanisms that focus on two-way inclusive dialogue across the business. These include:

Company Forum: Our chosen workforce engagement mechanism, the Company Forum, provides an opportunity for employee and Trade Union representatives to meet with Board members on a regular basis, helping them to stay connected to the direction of the Company and be involved in business decisions. Members of the Board and Executive Committee attend the Company Forum on a rotational basis, so each Director has the opportunity to listen directly to what employees have to say and for our employees to hear about the matters that the Board is reviewing and considering. Agendas are comprehensive and varied, so attendance at the Company Forum deepens the Board's understanding of day-to-day operations, the practical execution of strategy and the culture of the organisation. It ensures that views from a diverse cross section of the workforce – in terms of seniority, gender, ethnicity, tenure of employment and job types – are considered in Board discussions and decision making, and each meeting generates wide-ranging exchanges of opinion and insight. Directors provide feedback to the Board as a whole through dedicated written reports tabled at subsequent Board meetings.

Meet Our Board events: Every year we hold a dedicated 'Meet Our Board' event, which is attended by Non-Executive Directors only, without management present, to provide the Board with an independent view of the Company's culture directly from our people. This year's session was open to everyone in the Group through a ballot and involved 15 employees from a wide range of business areas. Board members and attendees reported that that the open and inclusive tone of the session provided an informal and trusting approach to engaging with each other.

Colleague Network Groups: Board members attend meetings of the four Colleague Network Groups – LQBTQ+, Ethnicity, Disability, and Women's Network – to meet members of our workforce directly and hear about the progress made against our diversity and inclusion plans across the business. Directors provide feedback to the Board as a whole at subsequent Board meetings and the outputs from these sessions are used to shape future Board agenda topics and employee updates.

Leadership events: Board members are invited to attend leadership events that are held during the year, to hear directly the key messages we are sharing with our managers about our Company's strategy, current performance and future plans. The events also bring our leaders together to build networks and provide opportunities for collaboration and development of solutions for the challenges we face as a business.

Site visits: Board members frequently undertake site visits to gain further insight into our culture by meeting colleagues whilst observing the Company's operations in action. Our values are brought to life in the way colleagues behave in carrying out their roles. Board members use these opportunities to observe the commitment and dedication of our people in delivering our essential services to customers and communities, whilst also gaining a practical understanding of the systems and processes we have in place to support our workforce and deliver consistent operational performance. These direct interactions with employees allow our Board to understand first-hand the culture of our organisation and matters of focus identified by our workforce.

Through attendance at many of our employee engagement initiatives, Directors can monitor and assess the Company's values and culture to satisfy themselves that the culture and behaviours throughout the business are aligned with our purpose. No misalignment was identified during the year.

You can read more about these activities within the **Severn Trent Water Limited Annual Report and Accounts 2024/25**.

The statement from the Board focusing on how the Company has set its aspirations and performed for all those it serves can be found in the Board Statements section.

WHISTLEBLOWING

As outlined above, at Severn Trent we foster a culture of trust, honesty and openness. We are proud of our approach to whistleblowing and the open and transparent culture within our business that encourages reporting of potential wrongdoing, the support we give to whistleblowers and through our investigation of concerns.

The Company has established procedures by which all employees may, in confidence, report any concerns. Our Whistleblowing Policy, 'Speak Up', sets out the ethical standards expected of everyone who works for, and with, us and includes the procedure for raising concerns in strict confidence. Our workforce can raise concerns through their line manager, senior management or HR Team, and through our confidential and independent whistleblowing helpline and online channel, 'Safecall'. All investigations are carried out independently with findings being reported directly to the Audit and Risk Committee.

In line with our culture of continuous improvement, we establish learnings and potential trends from whistleblowing reports and share lessons learned across the business to embed improvements where necessary. We evaluate our whistleblowing processes, both internally and externally, to ensure their continued effectiveness. The Board has reviewed these arrangements again this year and is satisfied that they are effective, facilitate the proportionate and independent investigation of reported matters and allow appropriate follow-up action to be taken. The findings from these reviews frequently identify many examples of good practice within the Company's approach.

Rebuilding trust is one of the most important things in our sector and upholding the highest levels of corporate governance are a key component of that. The Board sets the right tone from the top and ensures that the Company's desired culture is embedded at all levels of the Company.

OBJECTIVE 2: THE APPOINTEE HAS AN EFFECTIVE BOARD WITH FULL RESPONSIBILITY FOR ALL ASPECTS OF THE APPOINTEE'S BUSINESS FOR THE LONG TERM.

Our Board has full responsibility for overseeing all aspects of the Company's business, including setting the Company's strategy. This enables the Board to discharge its oversight of the Company's performance for customers and the environment, both now and over time, and hold management to account.

Within the Group, subsidiary company boards are managed through designated governance processes. In particular, the relationships between Severn Trent Water Limited and our other Severn Trent Plc Group businesses are monitored and reviewed to ensure their continued appropriateness. This section of our report describes the tailored governance arrangements in place for Severn Trent Water Limited.

i. The regulated company sets out any matters that are reserved for shareholders or parent companies (where applicable); and explains how these are consistent with the board of the regulated company having full responsibility for all aspects of the regulated company's business, including the freedom to set, and accountability for, all aspects of the regulated company's strategy.

As a regulated entity within the Group, the Severn Trent Water Limited Board operates its own, distinct, tailored governance arrangements and Schedule of Matters Reserved to its Board. Our Matters Reserved to the Board document outlines the Board's responsibility for all aspects of the Company's business, including specific matters outlined within its Instrument of Appointment.

The Board has full responsibility for all aspects of the Company's business, including the freedom to set, and accountability for, all aspects of the Company's strategy to support performance delivery for customers and the environment. The Board is responsible for reviewing the Matters Reserved to the Board and the latest review took place in March 2025. The Board determined that the Schedule contained areas appropriate to require Board involvement, including in relation to strategy, performance oversight, matters outlined within the Company's Instrument of Appointment, structure and capital, regulatory and financial reporting, controls and communication with stakeholders. The Schedule of Matters Reserved to the Board is available on our website.

There are no matters relating to the Company's regulated activities contained within the Severn Trent Plc Board's Schedule of Matters Reserved.

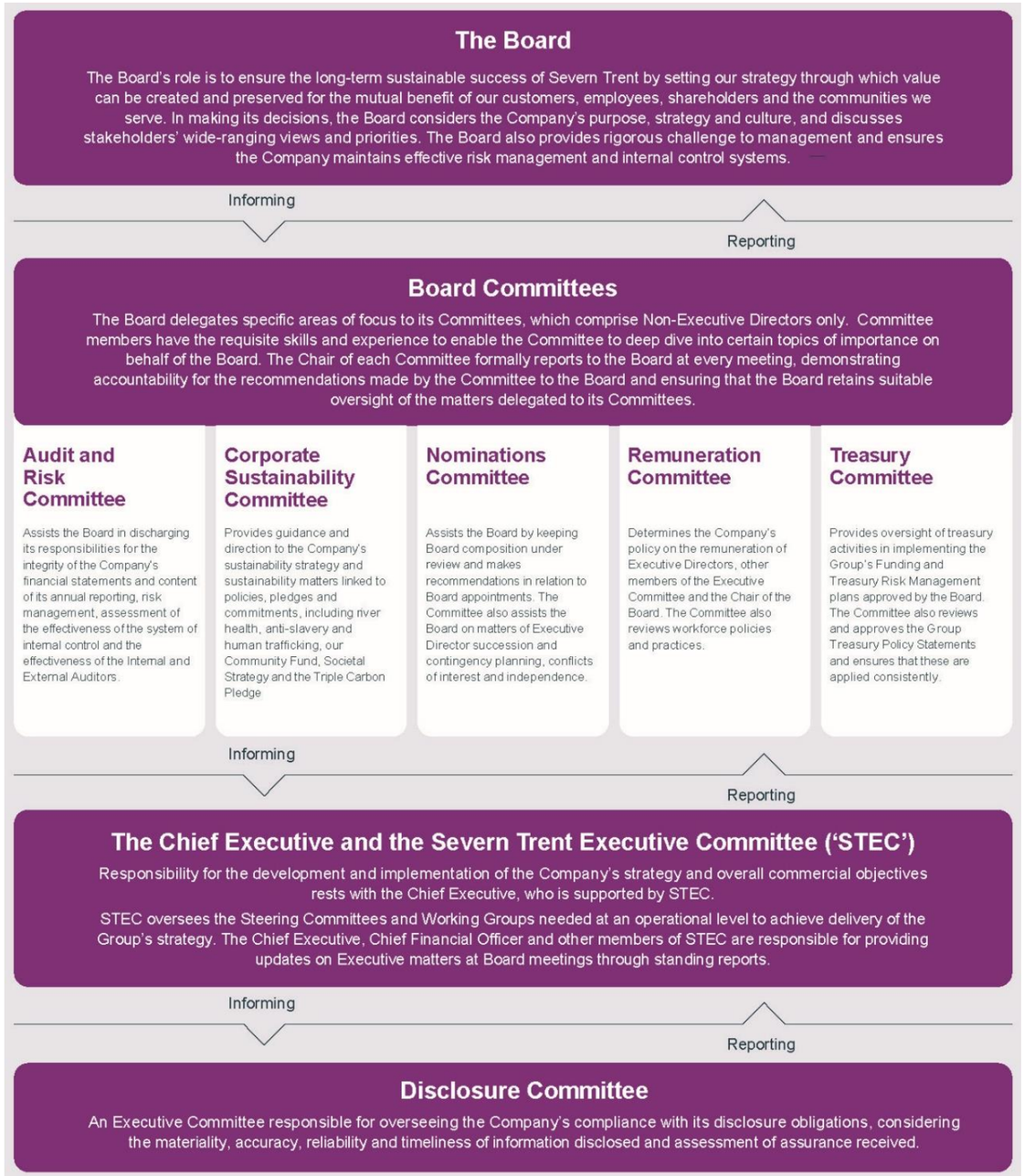
ii. Board committees, including but not limited to audit, remuneration and nomination committees, report into the board of the regulated company, with final decisions made at the level of the regulated company.

The Company's Governance Framework comprises the Board, Executive Committee and their respective Committees. The way in which each of these Committees report to the Board is outlined in the schematic opposite.

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 Terms of Reference. The Board reserves for its own determination matters of strategic and regulatory importance and reviews the Terms of Reference for each Committee on an annual basis. The Governance Framework is also subject to periodic review to ensure that it remains appropriate.

We pride ourselves on having a high-functioning, well-composed, independent and diverse Board and being transparent in all that we do. Maintaining the highest standards of governance is integral to the successful delivery of our strategy. Our Governance Framework ensures that the Board is effective in both making decisions and maintaining accountability for delivery of the Company's strategy, whilst also setting a strong tone from the top in promoting the Company's desired culture and holding management to account for the Company's performance for customers and the environment.

Membership of the Severn Trent Water Limited Board is the same as the Group's ultimate parent company, Severn Trent Plc. This arrangement is considered appropriate as STW's regulated activity represents approximately 91% of the Severn Trent Group's revenues. As such, these arrangements increase the efficiency and effectiveness of the Company's corporate governance arrangements. As outlined above, the Company does not duplicate the Board Committees already operating at Severn Trent Plc level, and Board meetings are facilitated through the management of separate colour coded agendas and minutes by Company Secretariat and advised in their meetings by the Company Secretary.



iii. The board of the regulated company is fully focused on the activities of the regulated company; takes action to identify and manage conflicts of interest, including those resulting from significant shareholdings; and ensures that the influence of third parties does not compromise or override independent judgement.

As outlined above, the tailored governance arrangements and Schedule of Matters Reserved we have in place ensure that our Board is fully focused on the activities of the regulated company, takes action to identify and manage conflicts of interest (including those resulting from significant shareholdings) and ensures that the influence of third parties does not compromise or override independent judgment.

We have a Conflict of Interest Policy in place for all Group companies, which ensures that each individual company Board and their Committees considers potential conflicts at the outset of every meeting. Individual company Boards also formally review the authorisation of any potential conflicts of interest every six months with any conflicts being recorded in the Conflicts of Interest Register.

Should a conflict arise, the Directors would be responsible for acting (and taking decisions) in accordance with Section 172 of the Companies Act 2006, by acting in a way they consider, in good faith, would be the most likely to promote the success of the Company.

A copy of the Conflicts of Interest Policy can be found on our website.

OBJECTIVE 3: THE BOARD OF THE APPOINTEE'S LEADERSHIP AND APPROACH TO TRANSPARENCY AND GOVERNANCE ENGENDERS TRUST IN THE APPOINTEE AND ENSURES ACCOUNTABILITY FOR THEIR ACTIONS

i. An explanation of group structure.

Severn Trent Water Limited is the principal operating subsidiary of Severn Trent Plc and the ownership structure of Severn Trent Water Limited can be found on our website.

ii. An explanation of dividend policies and dividends paid, and how these take account of delivery for customers and other obligations (including to employees).

The Severn Trent Water Limited Dividend Policy, including how we have applied our Policy, core principles and recent licence modifications, is set out in the Regulatory Statements and Dividends sections.

The Board has considered a range of factors in recommending our dividend this year, including the Company's performance delivery for customers and the environment, both now and over time, the broader performance of the Company and the long-term financial resilience of the Company. You can read more about the process that the Board undertook to assess the Company's performance in the round in the Dividend section.

iii. An explanation of the principal risks to the future success of the business, and how these risks have been considered and addressed.

The Principal Risks and uncertainties to the future success of the business and the ways in which these risks are managed, monitored and mitigated is set out in the **Severn Trent Water Limited Annual Report and Accounts 2024/25**.

iv. The annual report includes details of board and committee membership, number of times met, attendance at each meeting and where relevant, the outcome of votes cast.

Details of Board and Committee membership, number of times met and attendance at each meeting is set out below:

Board and Committee Meeting Attendance 2024/25

Director	Role	Board (inc. Strategy Day)	Audit and Risk Committee	Corporate Sustainability Committee	Nominations Committee	Remuneration Committee	Treasury Committee
Christine Hodgson	Chair	8/8	–	4/4	6/6	7/7	–
Liv Garfield	Chief Executive	8/8	–	–	–	–	–
Helen Miles	Chief Financial Officer	8/8	–	–	–	–	–
Kevin Beeston	Senior Independent Non-Executive Director	8/8	6/6	–	4/4[1]	7/7	5/5
Tom Delay	Independent Non-Executive Director	8/8	–	4/4	6/6	–	–
Sarah Legg	Independent Non-Executive Director	8/8	6/6	4/4	6/6	–	5/5
Sharmila Nebhrajani	Independent Non-Executive Director	8/8	–	4/4	5/6[2]	7/7	–
Gillian Sheldon	Independent Non-Executive Director[3]	1/1	1/1	–	–	2/2	1/1
Richard Taylor	Independent Non-Executive Director	8/8	6/6	–	6/6	7/7	5/5

Changes to Board composition following 31 March 2025: Nick Hampton was appointed to the Board on 4 April 2025 and Kevin Beeston retired from the Board on 30 April 2025.

1 Kevin Beeston did not attend the meetings where the Nominations Committee was considering his successor.
2 Sharmila Nebhrajani was unable to attend a Nominations Committee meeting due to a long-standing commitment. Sharmila was provided with all relevant papers and provided comments on the matters to be considered to the Committee Chair.
3 Gillian Sheldon retired from the Board on 14 May 2024.

Further detail on the Board members, including details of their career backgrounds, relevant skills, Committee membership, tenure and external appointments can be found within their individual biographies in the **Severn Trent Water Limited Annual Report and Accounts 2024/25**.

v. An explanation of the company's executive pay policy and how the criteria for awarding short and long-term performance related elements are substantially linked to stretching delivery for customers and are rigorously applied. Where directors' responsibilities are substantially focused on the regulated company and they receive remuneration for these responsibilities from elsewhere in the group, policies relating to this pay are fully disclosed at the regulated company level.

Executive pay is subject to rigorous scrutiny from the Severn Trent Plc Remuneration Committee that operates on behalf of all Group companies, including Severn Trent Water, as outlined in the Governance Framework above. Our Remuneration Policy is aligned to our purpose, strategy and values to incentivise performance delivery for customers and the environment, both now and over time.

All directors of Severn Trent Water Limited are also Directors of Severn Trent Plc and further details of their remuneration and how their performance measures are linked to our strategy can be found in the within the Regulatory Statements and Executive Remuneration sections.

Details of our Remuneration Policy are also set out within the Executive Remuneration section, explaining how the criteria for awarding short and long-term performance elements are substantially linked to our performance and are rigorously applied.

In addition to our Remuneration Policy, and the criteria for awarding short and long-term performance related remuneration in overseeing remuneration outcomes, the Remuneration Committee ensures that performance is assessed in the round and over time through a number of lenses, incorporating a variety of stakeholder perspectives, as set out in more detail in the Executive Remuneration section.

Following the Remuneration Committee's assessment of performance in the round for 2024/25, it concluded that the outcomes for both the annual bonus and LTIP appropriately reflected Severn Trent's sector-leading

performance over the relevant periods. No override the formulaic outcomes of either the 2022 LTIP or the 2024/25 annual bonus were applied.

OBJECTIVE 4: THE BOARD OF THE APPOINTEE AND THEIR COMMITTEES ARE COMPETENT, WELL RUN, AND HAVE SUFFICIENT MEMBERSHIP, ENSURING THEY CAN MAKE HIGH QUALITY DECISIONS THAT ADDRESS DIVERSE CUSTOMER AND STAKEHOLDER NEEDS.

The Board places great emphasis on ensuring that Board and Committee meetings are well run, in order that they can make high quality decisions for the mutual benefit of the Company's stakeholders. The Chair, supported by the Company Secretary, invests a significant amount of time preparing for each Board meeting, through developing a carefully tailored agenda and Board forward programme that covers all aspects of the Company's strategy, values and culture, performance delivery for customers and the environment and matters outlined with the Matters Reserved to the Board. Flexibility in the programme is important to permit key items to be added to any agenda, so that the Board can focus on evolving and important matters at the most appropriate time.

To ensure sound information flows to the Board, meetings are supported by high-quality reports that provide a transparent account of the Company's performance. Papers are circulated well in advance of the meeting to ensure that Directors have adequate time to review the materials. A typical Board meeting will comprise the following elements:

- Dedicated customer, community and health and safety 'moments' at the outset of the meeting, led by the CEO.
- Written reports from the Chairs of Board Committees on the proceedings of those meetings, including the key discussion points and particular matters to bring to the Board's attention.
- Following every Company Forum, a report on the topics discussed is circulated and the Directors who attended that particular session add further context at the Board meeting.
- At least half of the Board's agenda is dedicated to performance oversight, with emphasis always on impacts for our customers and customer experience, including dedicated reports from the CEO, CFO, Director of Customer Operations, Director of Capital and Commercial Services and Director of Customer Solutions at every Board meeting. This dedicated 'Performance Review' section on the agenda ensures that the Board is effective in discharging its oversight of the Company's performance for customers and the environment, and is able to constructively challenge on areas of focus where necessary.
- Deep dive reports into areas of particular strategic and / or performance-related importance, to evaluate progress, provide insight and, where necessary, hold management to account and decide on appropriate action. Examples during the year include customer experience, operational resilience, Pollution Incident Reduction Plan, storm overflows, deliverability and the Company's Net Zero Transition Plan. Examples of matters considered throughout the year can be found in the **Severn Trent Water Limited Annual Report and Accounts 2024/25**.
- Dedicated sections on the agenda relating to regulatory matters reserved for the Board, stakeholder engagement – including the workforce and organisational culture, risk and legal / governance updates.

Time is set aside at the end of every Board meeting for the Chair to hold a private meeting with Non-Executive Directors, which provides the opportunity for discussion on key agenda items and other matters without the Executive Directors and management present.

On the evening before most scheduled Board meetings, all the Non-Executive Directors meet either by themselves, or together with the entire Board and the Company Secretary, or with Executive Committee members. This time is usefully spent enabling Board members to build a rapport with each other and a relationship on a personal level, share external views and consider issues impacting the Company, resulting in better Board dynamics and decision making.

Board meetings are also held at operational sites throughout the year, complemented by a programme of site visits outside of the formal Board schedule, to allow Directors to observe the Company's operations in action and meet colleagues to gain further insight into our culture and enhance their understanding of the organisation.

i. Boards and board committees have the appropriate balance of skills, experience, independence and knowledge of the Company. Boards identify what customer and stakeholder expertise is needed in the boardroom and how this need is addressed.

The Board and its Committees benefit from a wide range of backgrounds and strengths. Full biographies and the Board skills matrix for each Director can be found in the **Severn Trent Water Limited Annual Report and Accounts 2024/25**.

The skills matrix details some of the key skills and experience that our Board has identified as particularly valuable for the effective oversight of the Company and execution of our strategy, and indicates which Directors bring those particular skills to the boardroom. To ensure effective performance oversight, the Board places great emphasis on ensuring sufficient customer and stakeholder expertise on the Board as a whole. As outlined in the skills matrix, 88% of the Board possess customer expertise.

The skills matrix is reviewed at least annually to make sure it continues to meet business needs, today and in the future. It is aligned with our strategic priorities, to ensure the Board remains fully equipped to deliver our strategy and purpose, and provide challenge to the Executive Committee.

ii. Independent non-executive directors are the largest single group on the board.

As at 31 March 2025, the Board comprised the Chair (who was considered independent on appointment), five Independent Non-Executive Directors and another two Executive Directors. During 2024/25, Independent Non-Executive Directors formed the largest single group on the Board.

iii. The chair is independent of management and investors on appointment and demonstrates objective judgement throughout their tenure. There is an explicit division of responsibilities between running the board and executive responsibility for running the business.

The Chair of our Board, Christine Hodgson, is a Non-Executive Director, who was considered Independent at appointment on 1 April 2020.

The roles of Chair and Chief Executive are separately held and their responsibilities are well defined, set out in writing in the Charter of Expectations, and regularly reviewed by the Board. To allow these responsibilities to be discharged effectively, our Chair and CEO maintain regular dialogue outside the boardroom, to ensure an effective flow of information.

The independence of our Non-Executive Directors is formally reviewed annually by the Severn Trent Plc Nominations Committee, and as part of the Board Performance Review. Details of the division of responsibilities can be found in the Charter of Expectations document, available on our website.

iv. There is an annual evaluation of the performance of the board. This considers the balance of skills, experience, independence and knowledge, its diversity, how stakeholder needs are addressed and how the overarching objectives are met. The approach is reported in the annual report and any weaknesses are acted on and explained.

The effectiveness of the Board, its Committees and individual Directors is reviewed annually, with an externally facilitated review every three years as required by the UK Corporate Governance Code. The review considers the balance of skills, experience, independence and knowledge on the Board and its Committees, their diversity, how stakeholder needs are addressed and how the overarching objectives are met.

An internally facilitated review of the performance of the Board and its Committees was conducted this year by the Company Secretary who is well-placed as an independent advisor to the Board and attendance at Board meetings. One-to-one meetings took place between the Company Secretary and all Board members during January 2025.

Overall, the review concluded that the Board performs very well, with positive feedback received from all Board members. There is a culture of transparency and trust between Board members, which encourages open and honest discussions and leads to constructive challenge of the Executive Committee and senior management. As a follow on from this performance review, the Chair met individually with each Board member to discuss their performance, and the Senior Independent Director ('SID') also held private meetings with member of the Board to discuss the performance of the Chair and met with the Chair to give feedback.

The review concluded that, whilst the Board was operating very effectively, there was scope for minor areas of improvement and more information on the Board's action plan for 2025/26 can be found in the **Severn Trent Water Limited Annual Report and Accounts 2024/25**. The Board will continue to oversee the progress made in relation to the agreed actions to ensure their timely completion.

v. There is a formal, rigorous and transparent procedure for new appointments which is led by the nomination committee and supports the overarching objective.

All new appointments to our Board result from a formal, rigorous and transparent procedure, responsibility for which is overseen by the Severn Trent Plc Nominations Committee. Decisions on appointments are a Matter Reserved to the Board.

The Board and the Nominations Committee spent a significant amount of time considering Board succession during the course of the year to ensure that the Board has the right mix of skills and experience, as well as the capability to provide effective challenge and promote diversity. An example of the Committee's succession planning activity in action is set out in the adjacent schematic, which resulted in Nick Hampton being appointed to the Board on 4 April 2025. Nick succeeded Kevin Beeston as Senior Independent Non-Executive Director on 1 May 2025.

We develop a detailed, tailored induction for each new Non-Executive Director. Full details of the induction process are presented in the **Severn Trent Water Limited Annual Report and Accounts 2024/25**. An example of the Nominations Committee's succession planning activity in action is set out adjacent.

Search firm selection

The Committee commenced the process to recruit an Independent Non-Executive Director in a timely manner, to succeed Kevin Beeston as Senior Independent Director. Following a thorough in-person assessment of providers in the market, undertaken by the Chair, an Independent Non-Executive Director and the Group Company Secretary, the Committee appointed an independent search firm, which is a signatory to the Enhanced Voluntary Code of Conduct for executive search firms, to support with the recruitment of an Independent Non-Executive Director. As the appointment was also for the Senior Independent Director designate, tailored recruitment criteria and role specifications were developed to outline the appropriate skills and experience required to ensure the Board continued to comprise members who were qualified to carry out this vital role.

Candidate shortlisting and selection

The Committee ensured that the recruitment process was conducted in line with the Board Diversity Policy, in particular that diverse candidates from a wide variety of backgrounds were included within the shortlist. Formal interviews were led by the Chair and Chief Executive, supported by the Group Company Secretary, with all Board members interviewing the final candidate. Once a preferred candidate had been selected, a pre-appointment meeting with Ofwat was arranged ahead of the proposed Non-Executive Director being formally appointed to the Boards of Severn Trent Plc and Severn Trent Water Limited.

Appointment and succession

Nick Hampton was appointed on 4 April 2025. As set out in his biography on page 100 of the Severn Trent Plc Annual Report and Accounts, Nick has extensive strategic, financial and operational experience. Nick succeeded Kevin as Senior Independent Director on 1 May 2025.

Induction

All newly appointed Directors undertake comprehensive, tailored induction programmes, overseen by the Nominations Committee, which include specific focus on key aspects of their roles on the Board Committees. Further details on Non-Executive Director induction programmes can be found on page 111 of the Severn Trent Plc Annual Report and Accounts, along with an overview of Nick's ongoing induction.

vi. To ensure there is a clear understanding of the responsibilities attached to being a non-executive director in this sector, companies arrange for the proposed, final candidate for new non-executive appointments to the regulated company board to meet Ofwat ahead of a formal appointment being made.

All Non-Executive Directors proposed for appointment meet with Ofwat as part of the pre-appointment process to ensure there is a clear understanding of the responsibilities attached to being a Non-Executive Director in the water sector. This process was followed by Nick Hampton during the year, ahead of his appointment.

vii. There is a majority of independent members on the audit, nomination and remuneration committees and the audit and remuneration committees are independently led.

Membership of all Board Committees comprises Independent Non-Executive Directors only, other than the Chair of the Board who was considered Independent on appointment. More information on the Committees can be found in the respective Committee Reports in the **Severn Trent Plc Annual Report and Accounts 2024/25.**

In addition to the dedicated governance arrangements described above, as a subsidiary of a FTSE100 listed Company, the Company has chosen to apply the highest standard of corporate governance in line with the principles of the 2018 UK Corporate Governance Code (the '2018 Code'). The **Severn Trent Water Limited Annual Report and Accounts 2024/25** outlines the way in which the Company has voluntarily applied the principles of the 2018 Code during the year.

On 22 January 2024, the Financial Reporting Council ('FRC') published an updated version of the Code. The 2024 Code will be applicable for the financial year 2025/26 with the exception of the new Internal Control provisions (Provision 29) which will not come into effect until reporting periods beginning after 1 January 2026, which will be the 2026/27 financial year. The Board has undertaken a full review of the Company's Governance Framework and arrangements in light of the updated 2024 Code to ensure that any recommendations can be addressed in a timely manner to ensure full compliance ahead of it coming into force.

PERFORMANCE SUMMARY

This section of our report sets out how we have performed during the year against each of our AMP7 performance commitments.

Outcome	Performance Commitment	Units	Year 1		Year 2		Year 3		Year 4		Year 5	
			Performance	PCL Met	Performance	PCL Met	Performance	PCL Met	Performance	PCL Met	Performance	PCL Met
Customer and communities	Reducing residential void properties	Number of residential void properties	177,184	No	166,437	Yes	134,818	Yes	117,358	Yes	116,454	Yes
	Reducing Residential Gap Sites	Number of residential gap sites brought into charge	748	Yes	823	Yes	637	No	715	Yes	785	Yes
	Reducing business void and gap site supply points	Number of business customers brought into charge	783	Yes	9,620	Yes	3,242	Yes	3,077	Yes	3,740	Yes
	Value for money	Percentage	67.1	Yes	65.4	Yes	64.4	Yes	60.0	No	56.5	No
	Inspiring our customers to use water wisely	Number of pledges	40,728	Yes	80,656	Yes	122,159	Yes	172,260	Yes	165,277	Yes
	Customer measure of experience ('C-MeX')	Score / Rank	82.35 / 9th	N/A	80.61 / 8th	N/A	79.08 / 9th	N/A	74.18 / 11th	N/A	74.42 / 11th	N/A
	Developer services measure of experience ('D-MeX')	Score / Rank	89.70 / 1st	N/A	90.90 / 2nd	N/A	91.40 / 3rd	N/A	91.90 / 1st	N/A	92.16 / 2nd	N/A
	Help to pay when you need it	Percentage	35	Yes	48	Yes	52	Yes	56	Yes	62	Yes
	Priority services for customers in vulnerable circumstances - PSR reach	Percentage	2.6	Yes	5.7	Yes	7.7	Yes	9.2	Yes	9.9	Yes
Good to drink	Water quality compliance ('CRI')	Index score	1.53	No	2.43	No	5.65	No	6.19	No	10.32	No
	Water quality complaints	Number of contacts	9,468	Yes	8,123	Yes	7,467	Yes	7,696	Yes	9,011	Yes
	Farming For Water	Number of catchments	-	-	-	-	-	-	-	-	57	Yes
	Protecting our schools from lead	Number of schools protected	-	-	-	-	-	-	-	-	932	Yes
Water always there	Water supply interruptions	Hours:minutes:seconds	00:11:37	No	00:12:40	No	00:09:10	No	00:06:40	No	00:04:34	Yes
	Leakage	Percentage reduction from baseline (2019/20) using 3-year average	3.6	Yes	7.8	Yes	9.3	Yes	12.1	Yes	16.8	Yes
	Per capita consumption ('PCC')	Percentage reduction from baseline (2019/20) using 3-year average	-2.5	No	-3.5	No	-2.9	No	-0.2	No	0.4	No
	Mains Repairs	Number of repairs per 1,000 km of water network	122.0	Yes	100.0	Yes	128.9	No	97.9	Yes	102.2	Yes
	Unplanned outage	Percentage of peak week production capacity	1.05	Yes	1.27	Yes	1.15	Yes	1.94	Yes	1.46	Yes
	Risk of severe restrictions in a drought	Percentage of population at risk	56.2	Yes	56.2	Yes	56.2	Yes	56.2	Yes	56.2	Yes
	Speed of response to visible leaks	Days	5.6	Yes	5.0	Yes	4.4	Yes	3.3	Yes	3.1	Yes
	Persistent low pressure	Property days	13,376	Yes	11,976	Yes	4,372	Yes	985	Yes	325	Yes
	Abstraction Incentive Mechanism ('AIM')	Megalitres (Ml)	110	No	0	Yes	-80	Yes	-21	Yes	0	Yes
	Resilient Supplies	Percentage	-	-	-	-	-	-	-	-	97.8	Yes
	Resolution of low pressure complaints	Percentage	92.0	Yes	93.1	Yes	94.1	Yes	97.3	Yes	98.8	Yes
	Increasing water supply capacity	Megalitres per day (Ml/d)	-	-	-	-	-	-	-	-	68.5	Yes
	Number of water meters installed	Number of installs	83,274	Yes	110,100	Yes	100,108	Yes	162,316	Yes	121,537	Yes
Wastewater taken safely away	Internal sewer flooding	Number of incidents per 10,000 wastewater connections	1.89	No	1.63	Yes	1.68	No	1.69	No	1.33	Yes
	Pollution incidents	Number of incidents per 10,000 km of the wastewater network	20.60	Yes	21.81	Yes	20.64	Yes	25.55	No	29.30	No
	Sewer collapses	Number of collapses per 1,000 km of wastewater network	7.74	Yes	7.42	Yes	7.18	Yes	7.52	Yes	6.31	Yes
	Risk of sewer flooding in a storm	Percentage of population at risk	6.28	No	6.05	No	5.76	No	5.05	No	5.13	No
	External sewer flooding	Number of incidents	3,606	Yes	4,526	No	5,353	No	6,721	No	7,018	No
	Sewer blockages	Number of incidents	32,429	Yes	31,033	Yes	34,581	Yes	28,547	Yes	28,062	Yes
	Public sewer flooding	Number of incidents	1,050	Yes	1,296	Yes	1,526	Yes	1,831	Yes	1,762	Yes
	Green communities	£ million	0.000	No	0.167	Yes	0.217	Yes	0.207	Yes	0.300	Yes
	Collaborative flood resilience	Number of properties or areas	-	-	-	-	-	-	-	-	432	Yes
A thriving environment	Treatment works compliance	Percentage compliance	99.60	No	99.33	No	99.33	Yes	99.46	No	99.46	No
	Improvements in WFD criteria	Number of improvement points	-	-	-	-	-	-	-	-	267	Yes
	Biodiversity (Water)	Hectares	1,617.9	Yes	3,267.6	Yes	5,408.4	Yes	8,035.9	Yes	11,344.7	Yes
	Biodiversity (Waste)	Hectares	1,014.1	Yes	1,428.8	Yes	2,319.1	Yes	3,518.2	Yes	4,888.5	Yes
	Satisfactory sludge use and disposal	Percentage compliance	100.00	Yes	100.00	Yes	100.00	Yes	100.00	Yes	100.00	Yes
	Improvements in WFD criteria (Green Recovery)	Number of improvement points	-	-	-	-	-	-	-	-	21	Yes

CUSTOMERS AND COMMUNITIES

Our services are an essential part of customers' lives. We take this responsibility seriously and strive to keep water flowing and continuously take wastewater away, whilst working with our customers to manage demand. Everyone in Severn Trent, is focused on ensuring the very best experience for our customers whatever the circumstances. Our ambition is to ensure that every customer interaction is dealt with in a timely manner and that we deliver the best possible experience. This section of our report sets out how we have performed on our AMP7 performance commitments for 2024/25.

Performance Commitment	Units	Performance Commitment Level ('PCL')	Performance Achieved	PCL Met	ODI Payment (£m)
Customer measure of experience ('C-MeX')	Score / Rank	-	74.42 / 11th	N/A	(0.242)
Developer Services measure of experience ('D-MeX')	Score / Rank	-	92.16 / 2nd	N/A	2.562
Inspiring our customers to use water wisely	Number	31,050	165,277	✓	0.995
Reducing residential void properties	Number	167,380	116,454	✓	8.097
Reducing residential gap sites	Number	688	785	✓	Reputational
Reducing business void and gap site supply points	Number	50	3,740	✓	0.775
Value for money	Percentage	64.5	56.5	×	Reputational
Help to pay when you need it	Percentage	43	62	✓	Reputational
Priority services for customers in vulnerable circumstances	Percentage	9.7	9.9	✓	Reputational

CUSTOMER EXPERIENCE AND ENGAGEMENT

CUSTOMER MEASURE OF EXPERIENCE ('C-MEX')

We are passionate about delivering the best possible service for our customers, a shared commitment that extends from the frontline to the boardroom. Our ambition is to deliver a great experience for our customers in all that we do.

C-MeX is the water industry's customer satisfaction measure overseen by Ofwat, which is measured by surveying customers' experience and views across four areas: Water, Waste, Retail and Experience. We are making pleasing progress in two of these areas – Water and Experience – and are striving to improve our performance within Waste and Retail. Our C-MeX score improved from 74.18 to 74.42 year on year, however our position remained static at eleventh.

We have seen a steady improvement in our Water C-MeX performance over the last three years – through minimising supply interruptions, improving complaint handling and reducing leakage. We have also made pleasing progress on our leakage journey, with a 16.8% leakage reduction across AMP7, repairing significant visible leaks 60% faster and reducing fix times from almost eight days to just over three days – minimising disruption to our customers. We have also created a new Customer Inspector Team, dedicated to supporting customers throughout water jobs, until they are completed.

We are using the learnings from our improvements in Water to enhance our approach in Waste. We insourced our Waste Infra Response Team in 2023/24 to give us greater control over speed and quality of response to customer issues. Our new approach is yielding positive results and we now resolve jobs much faster, with 30% fewer complaints. We know we can always do more, so we are currently recruiting an additional 78 people to bolster this team to enable greater consistency on speed of response during significant wet weather.

In Retail, our focus is on ensuring that our customers can speak to us quickly, whenever they need to, and have their query resolved. We have invested significantly in this and are already starting to see the benefits of our investment. These will grow in the period ahead as more customers are migrated to the new billing platform, Kraken. So far nearly two and a half million customers are already on Kraken and our remaining customers will be migrated in the next few months. We also opened a new fully insourced customer contact centre in Leicester during the year.

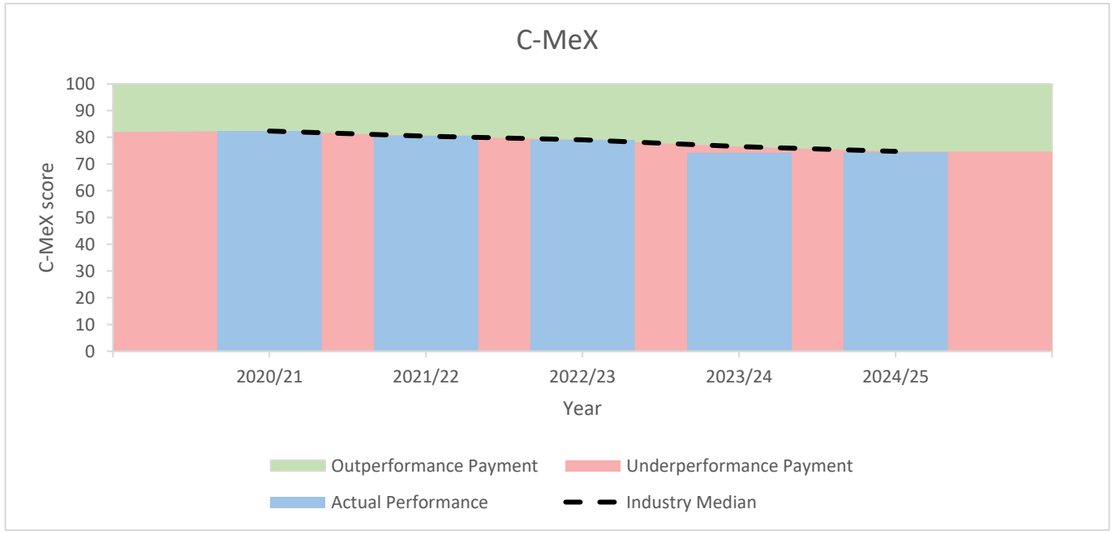
And in Experience, we have focused on improving customer satisfaction, reputation, value for money and building trust – particularly in areas our customers care about most, such as combined sewer overflows ('CSOs'). You can read more about our CSO Improvement Plan in the Driver of Positive Change Section and we're pleased that interventions such as these are helping to rebuild our customers' trust in us.

We are at different stages in our improvement journey across each of these areas, however we are confident that our plans are turning the dial and will deliver the improvements in performance that our customers expect.

Beyond customer service, we never want our customers to fear their bill and our relentless focus on affordability support and customer advice continues. This year, we created our Customer Inspector Team, focused on providing quality advice and support to our customers – helping them reduce their water usage, reduce their bills and support our plan to reduce household water consumption.

KRAKEN

Kraken's advanced AI assistance tools are a game-changer for the service we provide to our customers, helping to resolve customer queries quickly, draft responses and update records in a single system, resulting in a higher rate of first-time resolution. Kraken is built on a scalable architecture, meaning that the platform can grow alongside our business needs. Additionally, the centralisation of customer data provides better insight and supports informed business decisions, driving further improvements.



LEICESTER CUSTOMER CONTACT CENTRE

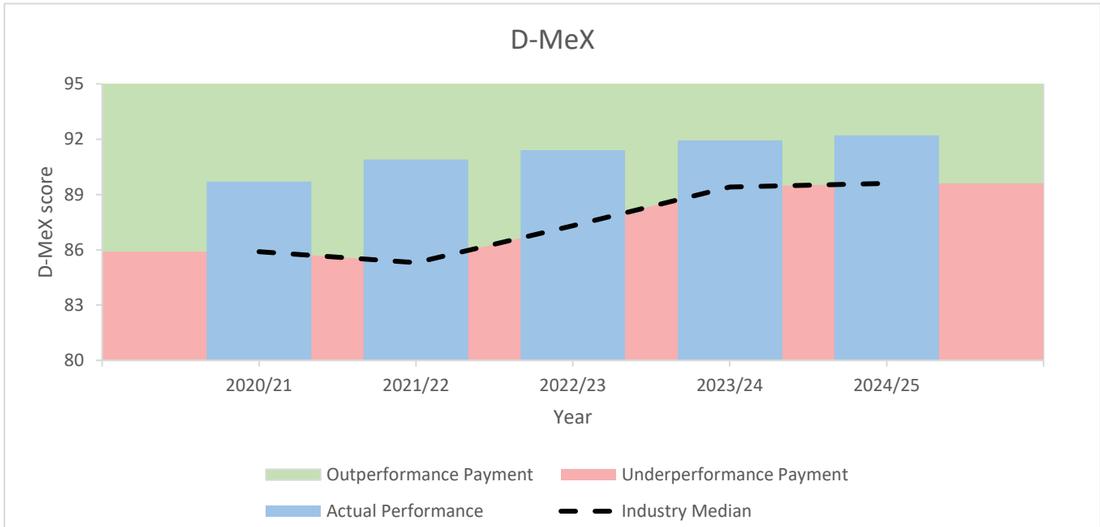
In September 2024, we established a new customer contact centre in Leicester and created 40 new roles. We worked closely with Leicester Job Centre and Employment Hub to create pathways for individuals facing barriers to employment, and 22% of our new recruits fit this profile.

By bringing all of our operations in-house we will benefit from: enhanced communication, improved service knowledge, stronger links with our culture and values, more efficient responses to customer feedback, improved controls, and also increase our ability to flex and adapt to our customers' needs – and provide them with the very best service.

We're confident that this will have a positive impact on the service we provide to our customers and contribute to an improvement in our C-MeX performance moving forward.

DEVELOPER MEASURE OF EXPERIENCE ('D-MEX')

We are pleased to have improved our D-MeX score this year to 92.16 (2023/24: 91.90), coming in second place. Since D-MeX was introduced in 2020/21, we have been in the top three companies every year, putting us in a great position for AMP8. This is another area where insourcing has driven improvements, with our in-house teams working tirelessly to understand the differing requirements of developers; providing a tailored approach to service delivery, building long-term relationships with larger developers whilst offering enhanced support and touchpoints for one-off transactional developer customers.



INSPIRING OUR CUSTOMERS TO USE WATER WISELY ✓

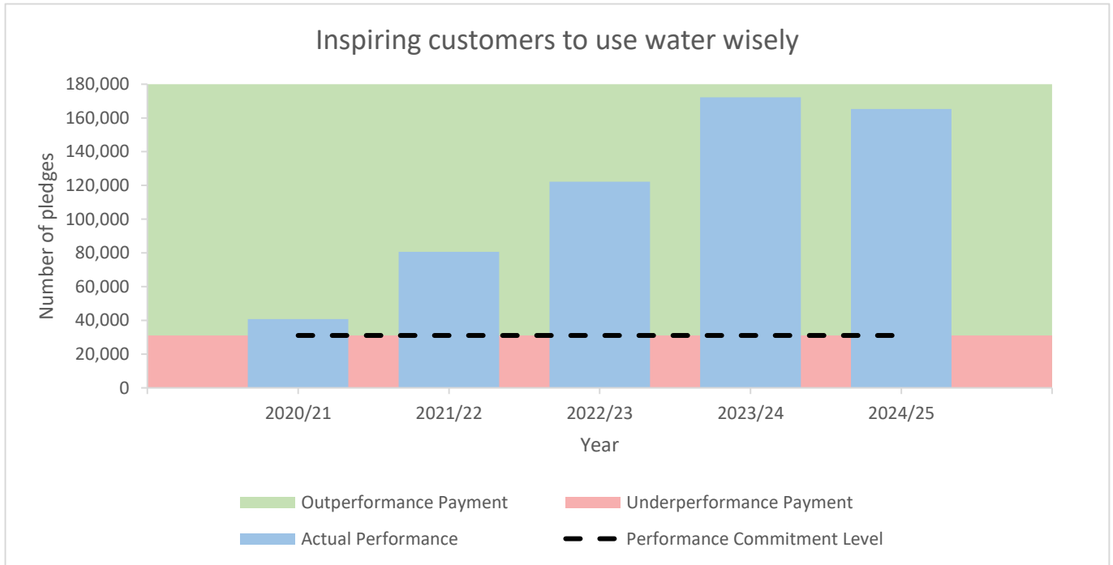
We established our Education team at the start of AMP6 to teach children good habits around water and sewer use, as well as about the environment. Educating children early helps instil lifelong behaviours. Through our programme we encourage customers to use water wisely across three topics (this year's topic was around using water efficiency and using it wisely):

- Using wonderful water wisely (not wasting water).
- Knowing what not to put down the toilet and sink.
- Choosing tap water for a healthy you and a healthy environment (reducing the use of plastics).

Each pledge represents an individual committed to changing their behaviour around water usage, which helps reduce water demand, prevent sewer blockages, and benefits the environment.

This year's topic covered water, 'using wonderful water wisely (not wasting water)'. The performance commitment relates to customer behaviours when interacting with our network, across water and waste. This measures the number of customers agreeing to change one or more of the three target behaviours after participating in an engagement session as part of our education programme, with success being a higher number.

This year, we collected an impressive 165,277 pledges, the second highest number ever received in a single year. We have exceeded our target in all five years of AMP7 and our total now stands at over 500,000 customers who have pledged to use water wisely.



WE STRIVE TO HAVE THE LOWEST POSSIBLE BILLS

REDUCING RESIDENTIAL VOID PROPERTIES ✓

As part of our AMP7 performance commitment, we are incentivised to reduce residential void properties—homes that are occupied but not billed. After limited progress in 2020/21 and 2021/22, we overhauled our approach to improve our ability to identify and bring into charge void properties helping to ensure a fairer bill for all customers.

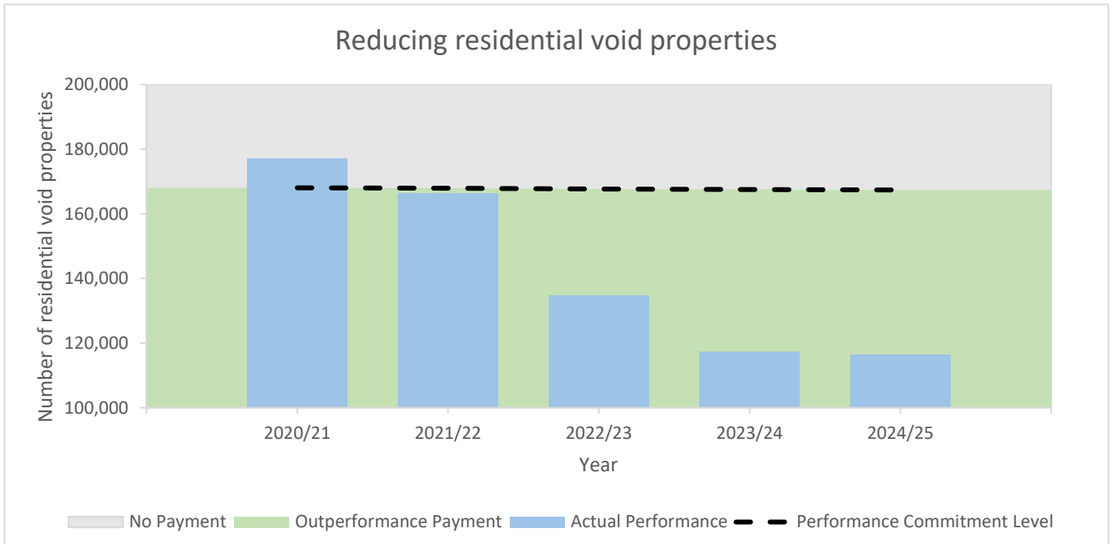
A comprehensive review revealed inefficiencies in our traditional mailshot and visit-based strategy. We segmented void properties by characteristics such as metering status and occupancy patterns, enabling targeted interventions. Key improvements included:

- Developer and landlord engagement: Developers are now responsible for charges post-connection, and landlords are more proactive in reporting tenant changes.

- Data-driven identification: Partnered with a third party using credit reference, land registry, and government data to identify occupiers with high confidence.
- Cost efficiency: Reduced annual void activity costs by replacing broad mailshots with targeted, data-led methods.
- Specialist team: A dedicated team analyses long-term voids and collaborates with the smart metering team to detect unbilled consumption.

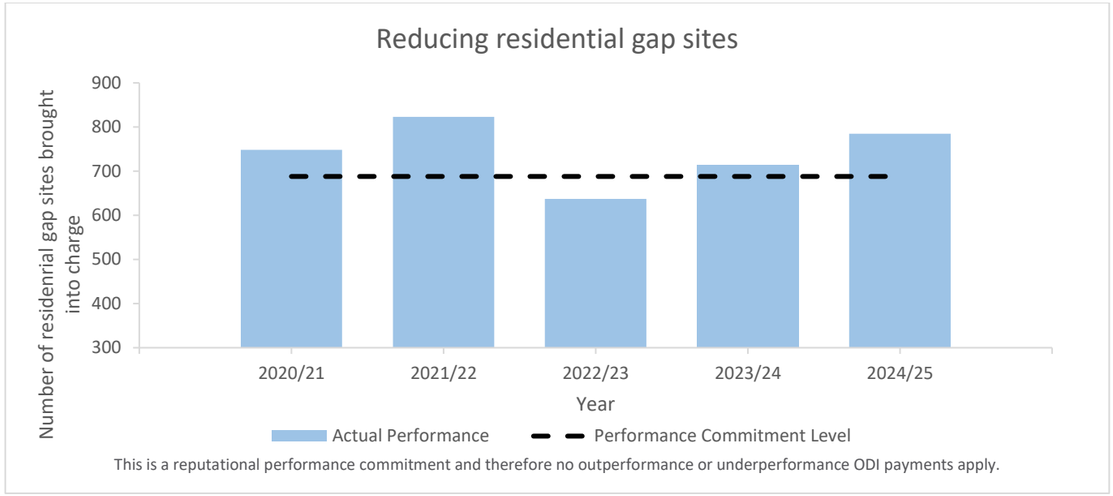
This approach has significantly improved void property management and during 2024/25 this new approach has supported our activity on tackling voids. We have made further reductions this year but as expected we have not seen the significant reduction that we have in previous years. As the number of void properties becomes smaller it becomes harder to identify them resulting in us only achieving a small reduction year-on-year from 117,358 in 2023/24 to 116,454 this year. As a result of these incremental improvements, we are now in the best position we've been in on voids throughout AMP7 having achieved a 34% reduction from our reported performance for 2020/21.

You can find more detailed information in the Additional Regulatory Information section.



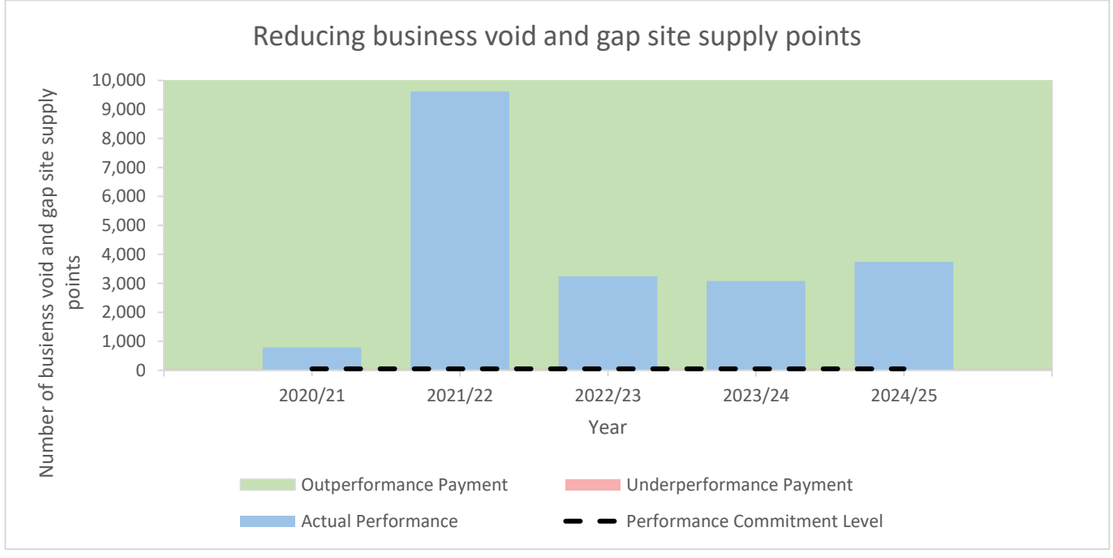
REDUCING RESIDENTIAL GAP SITES ✓

In common with voids, the strong progress we have made on reducing residential gap sites over AMP7 means that it becomes harder to find new sites year-on-year due to the pool of gaps sites becoming much smaller each year. This year we continued working with our third party partner in the refinement and deployment of a new gap site identification tool which has resulted in the successful confirmation of gap sites we previously had no visibility of, allowing for account creation. This has helped us to exceed our PCL for a fourth year during AMP7, having only missed our PCL marginally in 2022/23. Over the course of AMP7 we have identified a total of 3,708 gaps sites against a cumulative target of 3,440.



REDUCING BUSINESS VOID AND GAP SITE SUPPLY POINTS ✓

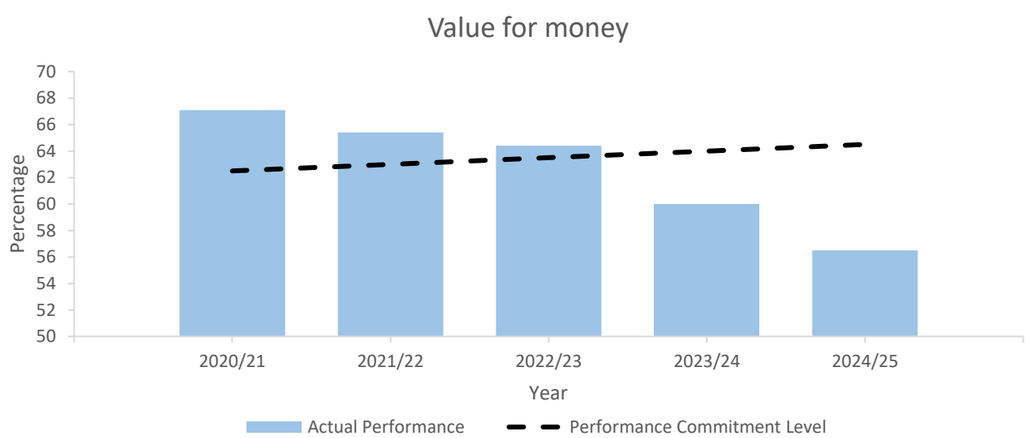
The principle that everyone who should be paying for their water is doing so also applies to our non-household customers and we continue to work with retailers to identify non-household void properties and gap sites in order to bring these customers into charge. Over the past 12 months, we brought 3,740 business properties into charge—significantly exceeding our PCL of 50. This marks an improvement on our 2023/24 result of 3,077, despite retailers having already addressed many of the easier-to-identify cases. As a result, they are now processing more complex applications, which has kept overall volumes below our AMP peak of 9,620 in 2021/22.



VALUE FOR MONEY ✗

Listening to our customers' perceptions of value for money helps us better understand the driving factors of this, such as affordability, reputation and service quality. We track this through a quarterly customer survey, which informs our value for money performance commitment.

We strive to deliver a service that represents value for money for our customers and are disappointed to see the percentage of customers rating their bill as 'good value for money' dropping from 60% to 57% this year. We understand that addressing concerns about environmental performance is key to ensuring our customers receive the good value service they expect. We are committed to improving in areas that our customers tell us are important to them, both in terms of customer service and environmental performance. Focus areas include reducing leakage, minimising supply interruptions, improving water quality, and reducing storm overflow spills into our rivers.

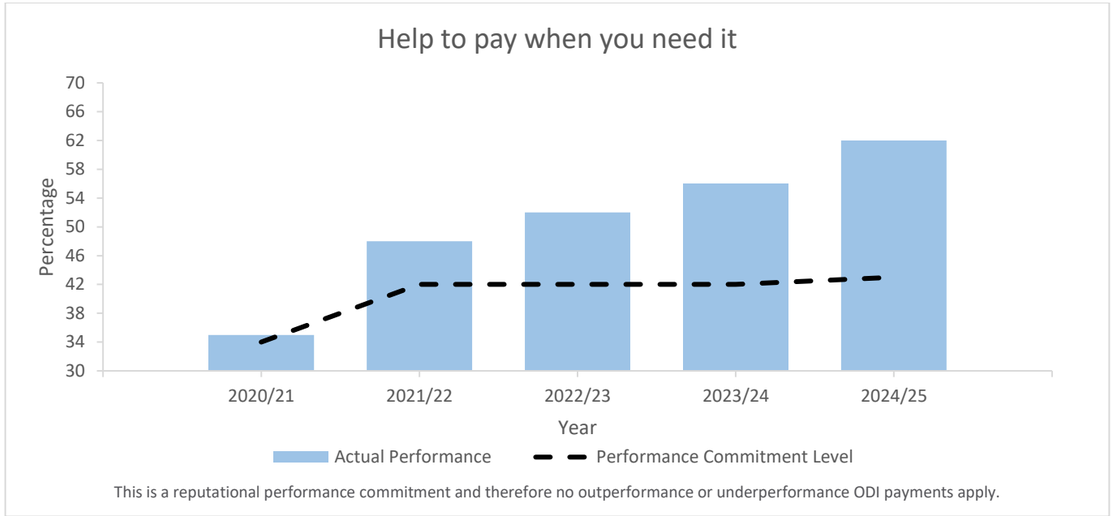


A SERVICE FOR EVERYONE

HELP TO PAY WHEN YOU NEED IT ✓

We recognise the importance of supporting customers experiencing financial vulnerability and never want anyone to fear their bill. This year, the average annual household bill for water and wastewater services this year was approximately £457 (£1.25 per day), making it the second lowest in England. Providing help to those who are struggling, or at risk of struggling, is essential to earning and maintaining customer trust and part of our affordability commitments.

Last year, we assisted over 290,000 customers; this equates to 62% of customers who needed additional support (2023/24: 56%) which is above our target of 43%. We offer a range of schemes, including social tariffs, debt write-offs, payment breaks, home water efficiency checks, fixing private water and wastewater issues (relating to assets which are normally the customer's responsibility), grants, payment plan concessions, and water health checks. Our £575 million AMP8 affordability package will see us help one in six customers with their bills by 2030 through a variety of schemes, delivering payment support to those who need it most.



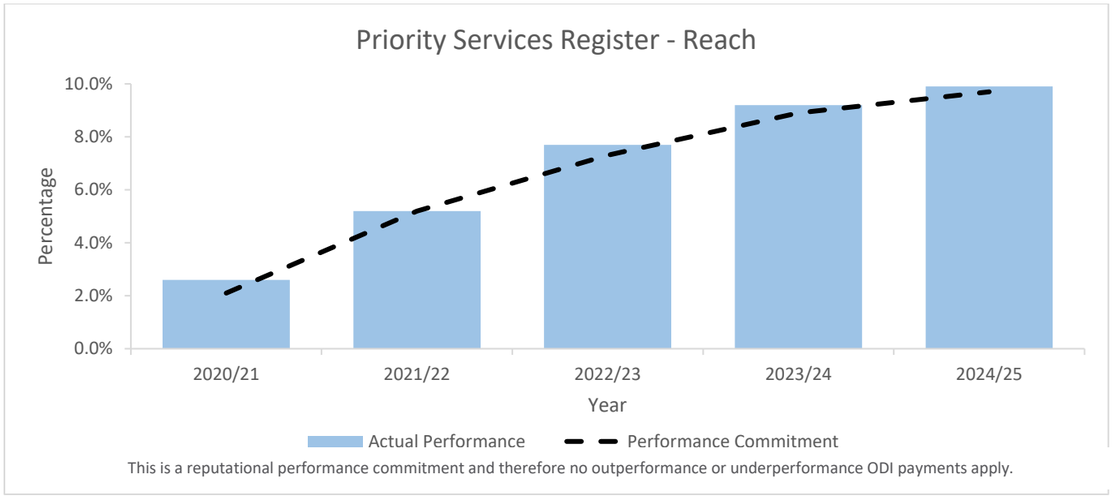
PRIORITY SERVICES FOR CUSTOMERS IN VULNERABLE CIRCUMSTANCES ✓

Our Priority Services Register ('PSR') performance commitment aims to increase the number of customers in vulnerable circumstances who receive services tailored to their needs, such as alternative communications and literature, support with access and mobility restrictions, help during incidents and enhanced security during home visits. We strive to reach as many customers as possible who might need additional support, and we have over 415,000 households on our PSR. We continually review the households on our register to remove those who no longer need assistance, ensuring we focus on customers who need us most. This offers customers a better, more personalised service catered to their individual needs.

Our priority services for customers in vulnerable circumstances performance commitment is made of three metrics: those we have attempted to contact ('Attempted'); those we have actually contacted ('Actual') and those that are registered ('Reach'). All three targets must be hit to meet our commitment on this measure, and we are pleased to have achieved our target on all three metrics this year and have done so every year of AMP7, despite increasingly challenging targets.

Metric	Unit	Performance Commitment Level ('PCL')	Performance Achieved	PCL Met
Reach	Percentage	9.7	9.9	✓
Attempted	Percentage	90.0	98.2	✓
Actual	Percentage	35.0	40.6	✓

Currently, nearly 10% of our customers are signed up to our PSR, reflecting an increase of over 28,000 from the previous year which means we are helping more people than ever before.



This is a reputational performance commitment and therefore no outperformance or underperformance ODI payments apply.

CUSTOMER VULNERABILITY STRATEGY

In addition to our focus on our PSR, our Customer Vulnerability Strategy outlines the support and services we offer to customers in vulnerable situations, particularly those who need extra help accessing our services. Our Strategy sets out our approach to tackling vulnerabilities, ensuring that our services are accessible for all – particularly those who need help – and we continue to improve our offering within our region through associated programmes such as our Societal Strategy. You can read more on our website.

GOOD TO DRINK

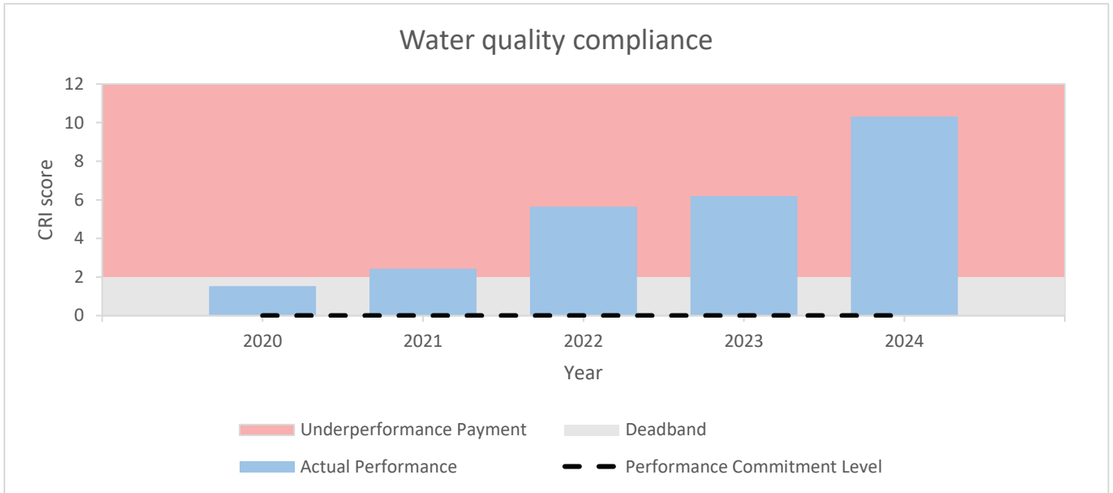
Our water treatment works ('WTW') clean raw water to the highest standards, making it safe for our customers to drink whenever they need it. This section of our report sets out how we have performed on our AMP7 performance commitments for 2024/25.

Performance Commitment	Units	Performance Commitment Level ('PCL')	Performance Achieved	PCL Met	ODI Payment (£m)
Water quality compliance	Score	0.00 (deadband 2.00)	10.32	×	(14.708)
Water quality complaints	Number	9,500	9,011	✓	1.467
Farming for water	Number	16	57	✓	47.437
Protecting schools from lead	Number	500	932	✓	1.728

Additional Reporting Requirements for Farming for water are set out in the Additional Regulatory Information section.

WATER QUALITY COMPLIANCE ('CRI') ×

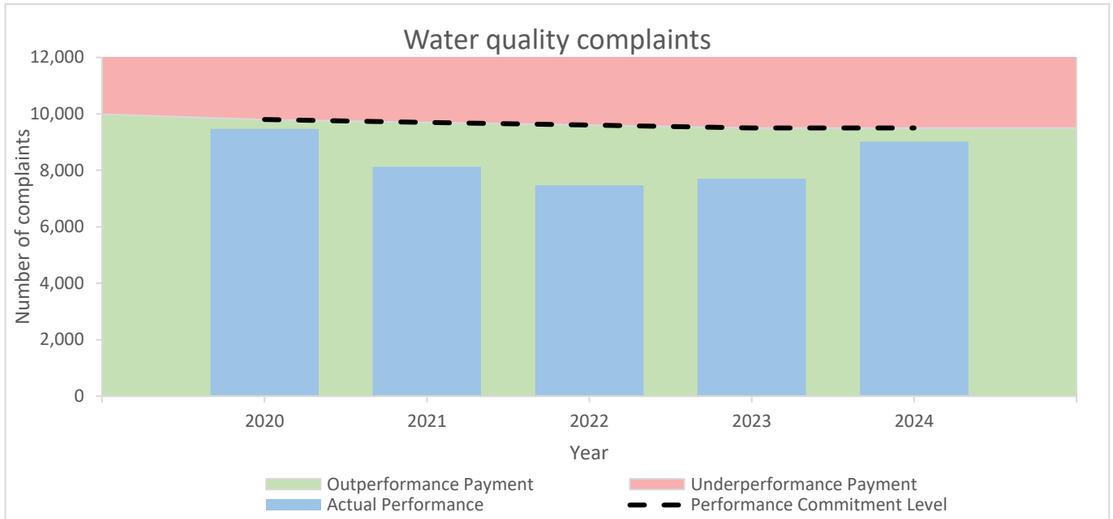
Water quality standards in the UK are some of the highest in the world and our performance consistently benchmarks well against global peers. This measure is designed to illustrate the risk arising from treated water compliance failures, and it aligns with the current risk-based approach to regulation of water supplies used by the Drinking Water Inspectorate. Although under this risk-based approach, an increase in CRI score does not necessarily translate to an impact on customer supply, we are disappointed to have missed our CRI score this year – with our CRI score increasing year on year from 6.19 to 10.32. This level of performance is not where we want to be and is driven by failures at one of our largest water treatment works, Strensham. We are implementing activities to mitigate against future impacts, including accelerating the deployment of ultraviolet ('UV') technology at Strensham, and creating a dedicated in-house Water Quality Commissioning Team to review options to accelerate longer-term asset and process improvements. We have also refreshed our dedicated improvement plan, CRI Sustainability Plan, with the objective of eradicating high-impacting events in our water network and addressing bacteriological risk at water treatment works.



WATER QUALITY COMPLAINTS ✓

We want our customers to feel confident and satisfied every time they use their water. This year, we received 9,011 drinking water quality complaints—5% below our regulatory target of 9,500—meaning we have achieved our target every year throughout AMP7.

We continue to target year-on-year improvements through our mains cleansing and flushing programme and increased usage of automated designs using network analytics, enabling us to produce instant flushing plans during water quality events to reduce impacts for customers, and deliver proactive messaging when undertaking flushing in their area.



TAP WATER FORENSICS

As part of an Ofwat innovation funded research project, we are combining genomic sequencing with AI technology to analyse water quality at our water treatment works. These insights are helping us enhance our treatment processes.

FARMING FOR WATER

This performance commitment measures the number of catchment schemes where we have improved control of raw water quality risk from specific pollutants, by engaging with farmers and changing farming practices.

Despite having already surpassed our end of AMP PCL before the final year, this year we delivered an additional 26 catchments to bring our total performance to 57 catchments, outperforming our PCL of 16.

Our continued partnership with farmers in our region has enabled us to safeguard water quality through various programmes and grants, including our Severn Trent Environmental Protection Scheme ('STEPS'). In the past year, we have awarded 166 STEPS grants, worth almost £2 million, for on-farm improvements that help protect water quality by reducing pesticide, nitrate and cryptosporidium from reaching raw watercourses. 83% of farmers involved told us that they are very satisfied with our collaboration, and 89% believe the on-farm changes made through our schemes will benefit the environment.

PROTECTING SCHOOLS FROM LEAD

As part of a collaborative, industry-wide initiative to mitigate the risks associated with lead in drinking water, all water companies are engaging with key stakeholders including the Drinking Water Inspectorate ('DWI'), Ofwat, Defra, and public health teams. While the responsibility for lead supply pipes within schools lies with other parties, we take a proactive approach by working closely with schools and local authorities to offer support.

We are committed to helping schools eliminate lead from their water systems and have exceeded our commitment made during PR19 to protect 500 schools by nearly double. During AMP7, we have supported 932 schools—well above our PCL of 500. Our assistance has included collecting water samples, conducting comprehensive inspections of internal plumbing to identify potential lead sources, and providing recommendations to improve water quality where necessary. Additionally, we perform external inspections from our water mains to the school boundaries. Whenever lead communication pipes are identified through these investigations, we replace them.

WATER ALWAYS THERE

Our services are an essential part of our customers' lives. We take this responsibility seriously and strive to keep water flowing and continuously take wastewater away, so our customers can rely on us, every single day. This section of our report sets out how we have performed on our AMP7 performance commitments for 2024/25.

Performance Commitment	Units	Performance Commitment Level ('PCL')	Performance Achieved	PCL Met	ODI Payment (£m)
Water supply interruptions	Average property minutes	00:05:00	00:04:34	✓	0.468
Leakage	Ml/d 3-year average	382.3	371.3	✓	3.575
Per capita consumption	l/p/d 3-year average	129.0	133.1	×	(1.050)*
Number of water meters installed	Number	90,169	121,537	✓	3.231
Mains Repairs	Nr/1,000km	116.7	102.2	✓	2.683
Unplanned outage	%	2.34	1.46	✓	0.000
Risk of severe restrictions in a drought	%	56.2	56.2	✓	Reputational
Speed of response to visible leaks	Days	3.8	3.1	✓	0.751
Persistent low pressure	Property days	17,062	325	✓	7.766
Abstraction Incentive Mechanism	Ml	0	0	✓	0.000
Resilient supplies	%	97.7	97.8	✓	0.350
Resolution of low pressure complaints	%	95.0	98.8	✓	0.285
Increasing water supply capacity	Ml/d	68.5	68.5	✓	0.000

** Full AMP7 ODI payment with COVID-19 adjustment applied*

Additional Reporting Requirements for risk of severe restrictions in a drought, unplanned outage, and speed of response to visible leaks are set out in the Additional Regulatory Information section.

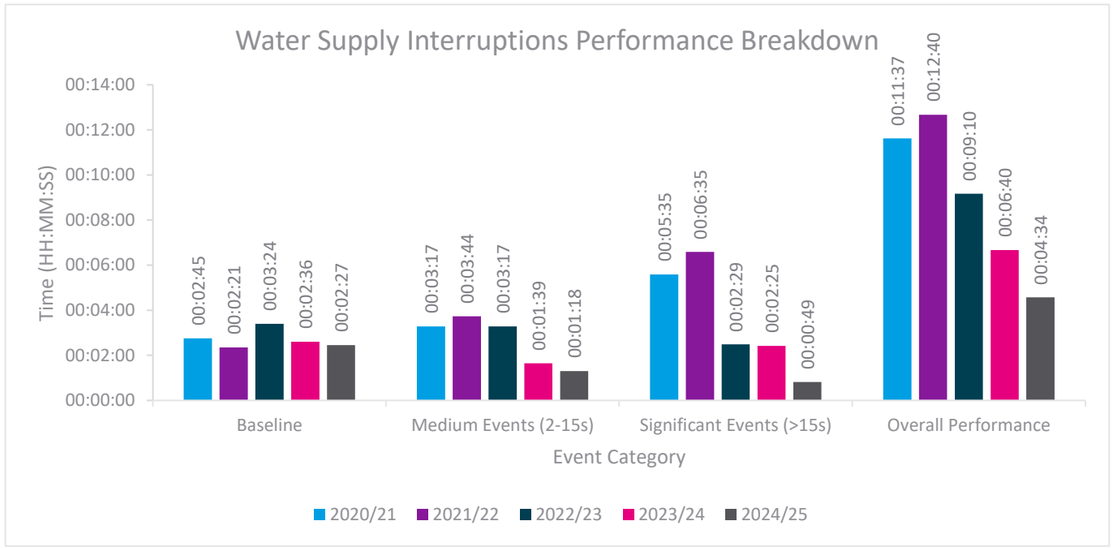
WATER SUPPLY INTERRUPTIONS ✓

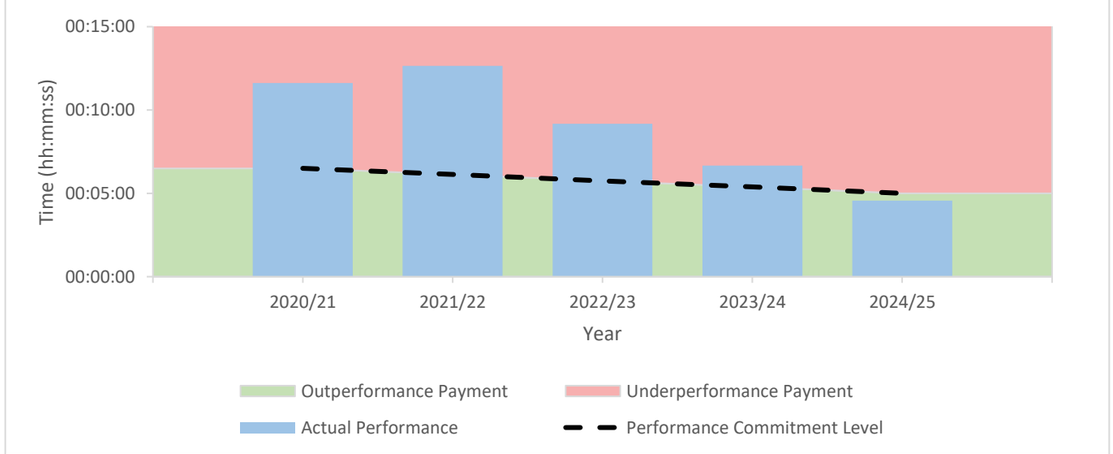
Reducing supply interruptions remains a priority given the direct impact any loss of supply has on our customers. This year, we have achieved our best ever performance, outperforming our stretching 5 minute target, with a performance of 4 minutes 34 seconds, marking an improvement of over 30% from last year. This means that on average customers have water available over 99.99% of the year.

This progress reflects the significant investment we have made in our water network, including the creation of our insourced Network Response Team during the AMP. We have also strengthened our resilience to increasingly frequent extreme weather events, such as Storm Darragh in December 2024. We also managed the winter freeze-thaw period with significantly less disruption to customers, applying lessons learned from previous incidents.

These improvements have positively influenced both our water supply interruptions and leakage performance. The Network Response Team has been particularly effective in mitigating the impact of medium-sized events, which has been a key driver of our overall performance gains. Additionally, we have made notable progress in reducing the effect of outlier events throughout AMP7, sustaining a downward trend in customer supply interruptions.

Last year, we achieved a significant improvement in the impact from outlier events (events causing over 15 seconds of ODI impact), and we have sustained the reduction this year, with outlier events causing a much smaller impact to overall performance compared to the first two years of the AMP.





LEAKAGE ✓

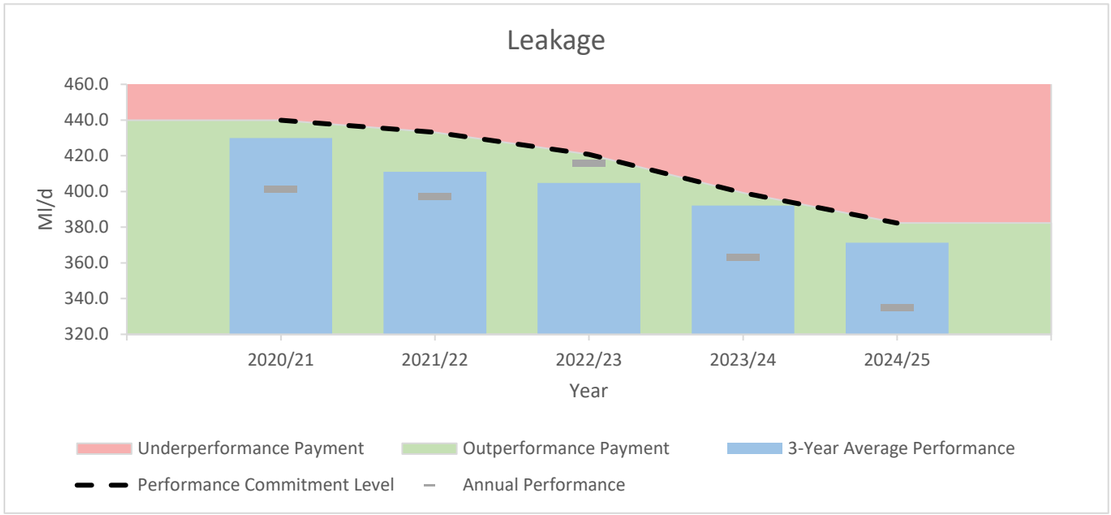
We have outperformed our AMP7 leakage target, achieving a 16.8% reduction over the AMP from our three-year average baseline set in 2019/20. This puts us on a positive trajectory as we enter AMP8, targeting over 30% leakage reduction by 2030 and 50% reduction by 2045. Our performance this year reflects a year-on-year annual leakage reduction of 28 Ml/d, and achieving our lowest ever level of leakage at 335.1 Ml/d. Our resilient operational performance has enabled us to meet our target for 13 out of the last 14 years, with learnings from

the ‘Beast from the East’ in 2018 being embedded to minimise the future impact on customers of such extreme weather events.

This performance is driven primarily by our repair activity but our focus on pressure control has also contributed. We have installed 900 additional pressure control units this year, which has enabled us to moderate pressure variance and reduce total pressure, with the impact of reducing leakage volume and burst risks.

We have also increased activity on finding and fixing leaks, with 60,000 repairs carried out this year, an increase of over 5% from last year. We are also repairing significant visible leaks faster than ever before, with an average end-to-end job completion time of three days, including site reinstatement and clearance, reflecting an improvement of 60% across AMP7 and meeting our target every year.

Our leakage reduction activity is supported by our smart metering programme. Smart meters enable us to proactively identify potential leaks, mitigating risks to customers’ properties and, crucially, help customers to save money on their water bills, all whilst reducing our overall level of leakage. Having accelerated our activity, we installed over 180,000 smart meters this AMP.



PER CAPITA CONSUMPTION (‘PCC’) ✖

We maintain a positive, continual dialogue with our customers, engaging with them directly on demand management through our water efficiency programme. With the help of our customers, our aim is to achieve Per Capita Consumption (‘PCC’) of 122 litres per day by 2038 and 110 litres per day by 2050 against our current annual performance of 134.8 litres per person, per day (l/p/d) and 133.1 l/p/d on a three-year average. After a slight year-on-year deterioration, we end the AMP with a 0.4% reduction from the 2019-20 baseline.

Whilst we have sustained a PCC reduction over AMP7, despite a number of challenges – including the COVID-19 pandemic, increased home working and heightened hygiene measures – we missed our regulatory target this year. The installation of water meters will be key to further progress – as providing customers with meters significantly improves demand management by reducing customer usage and identifying leakage. Over AMP7, we have installed over 500,000 meters – this includes the roll out of over 180,000 smart meters which provide more information, greater transparency, increased data accuracy and have reduced PCC by 3.7 Ml/d. Building on this progress, we will install over one million meters in AMP8 to support further reductions in PCC and improve long-term water resources, supply/demand balance and reduced reliance on water abstraction.

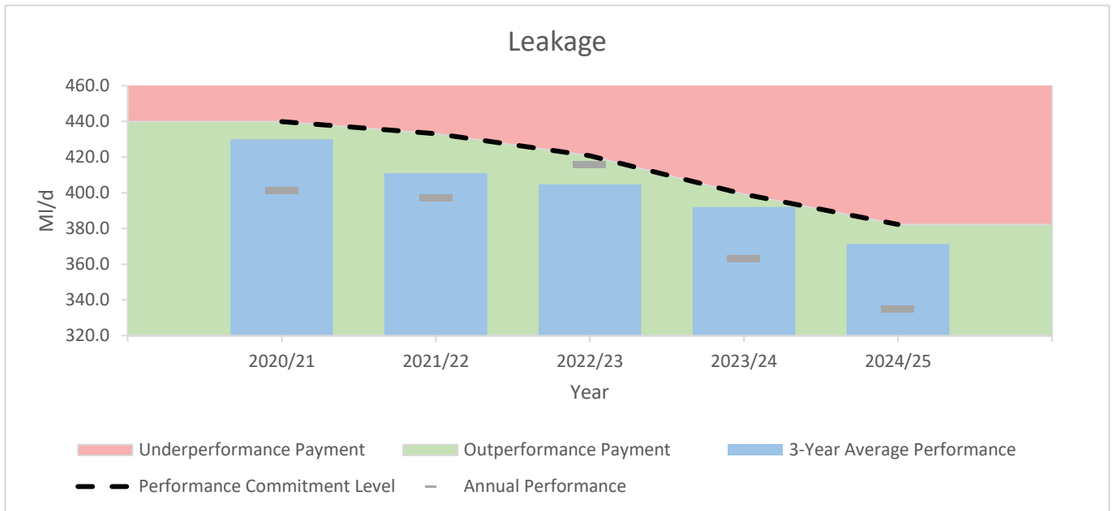
Alongside our metering activity, we maintain a positive, continual dialogue with our customers, engaging with them directly on demand management through our water efficiency programme. We have completed over 84,000 home water efficiency visits in AMP7, achieving a 13.3 Ml/d water efficiency saving. Additionally, over 245,000 customers have engaged with our water-saving survey platform, Get Water Fit.

NO DIG TECHNOLOGY

Maintaining and upgrading underground infrastructure can pose significant challenges. Traditional methods involve disruptive excavation processes that can impact customers, communities, businesses, and the environment. No dig technology presents an innovative, non-disruptive and cost-effective solution, eliminating the need for excavation.

This technology is being deployed to support our leakage reduction target of 50% by 2045. A unique solution comprising water, food-grade gellant, and engineered calcium carbonate particles is injected into a pipe in the boundary box and forced under pressure directly into the leak, sealing it quickly and effectively.

This new technology enables us to quickly reinstate mains with minimal interruption to water supply, ensuring a more continuous and reliable service for customers. Repairs that would normally take two to three days now only take 20-30 minutes on average, and with around 200 leaks successfully repaired during our trial, we are now exploring how to roll out this technology across the business.

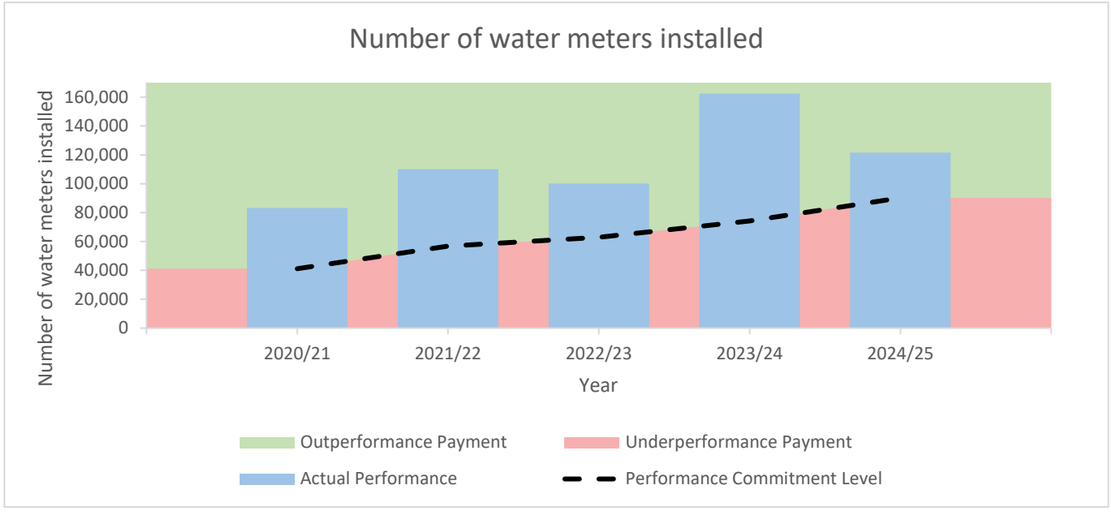


NUMBER OF WATER METERS INSTALLED ✓

An important part of keeping bills as low as possible is ensuring customers are aware of their usage. Providing customers with meters improves their awareness of their usage, supports demand management and leakage reduction.

We have installed a further 121,537 meters this year through our core programme, to bring our AMP7 total to 577,335. In addition to this, we have been installing meters through our Green Recovery Programme and through Defra approved Transitional Expenditure funding for schemes in the Accelerated Infrastructure Delivery Project.

Through our Green Recovery Programme, we have continued fitting smart meters across Coventry and Warwickshire. As well as helping consumers learn about and manage their water use, smart meters help us to spot leaks early, understand demand patterns and plan more effectively. This year we closed out our Green Recovery programme by installing over 45,000 smart meters, bringing the total over the last four years to 157,329. You can read more in our dedicated Green Recovery Report on our website.



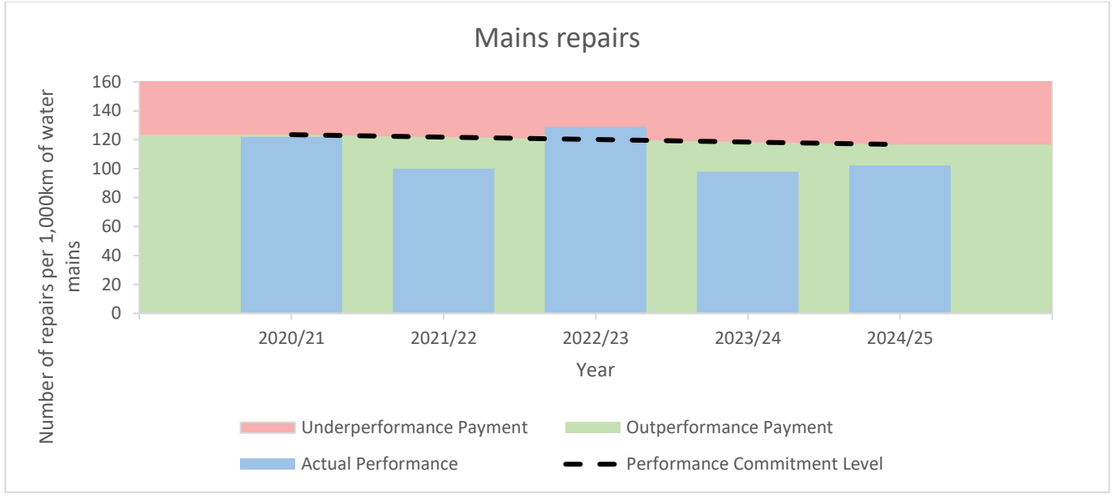
MAINS REPAIRS ✓

Failure to adequately maintain our assets can lead to a rise in water mains failures, resulting in increased leakage and potential disruption to customer supplies. This performance commitment is designed to ensure sustained investment in our water infrastructure, thereby reducing the risk of such failures and maintaining reliable service for our customers.

Success is measured by a reduction in the number of mains repairs, which serves as an indicator of fewer asset failures. This year, we completed 4,922 repairs—equating to 102.2 repairs per 1,000 km of water mains. While this reflects a 4% year-on-year increase in failures, we still outperformed our PCL by 12%, demonstrating continued strong performance in asset management.

Our progress has been supported by our 'Calm Network' approach - optimising and managing pressure to stabilise the water network and make it less likely to fail.

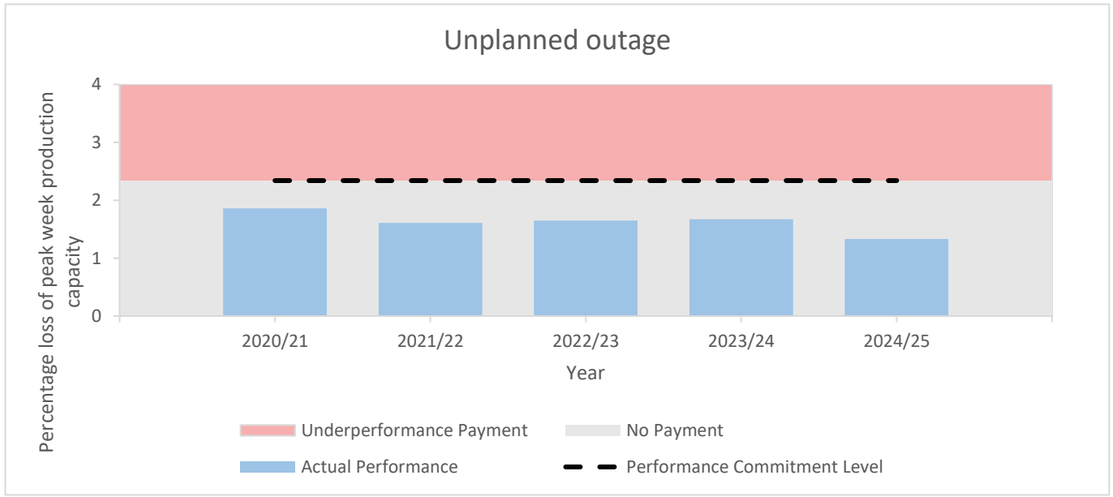
Our proactive mains renewal programme is also providing asset health benefit for the longer term. In 2024/25 we renewed 41.6 km of our water network, bringing our AMP7 total to 340.5 km. Over the course of AMP8, we will be renewing a further 1,400 km from which we expect to see improvement in our mains repairs performance.



UNPLANNED OUTAGE ✓

This performance commitment measures the temporary loss of water production capacity to incentivise companies to appropriately maintain and improve the asset health of the non-infrastructure or above-ground water assets and demonstrate its commitment to its asset stewardship responsibility.

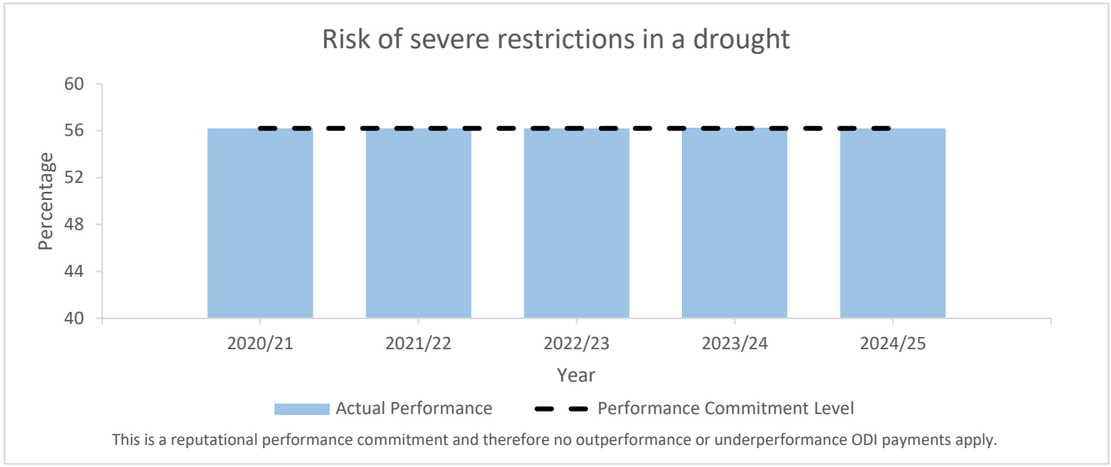
We have outperformed our PCL in every year of AMP7. This year, our unplanned outage performance is 1.46% versus a PCL of 2.34%, demonstrating that we are appropriately maintaining and improving the asset health of our non-infrastructure water assets for the benefit of current and future generations.



RISK OF SEVERE RESTRICTIONS IN A DROUGHT ✓

This performance commitment assesses our resilience to severe restrictions during a 1-in-200-year drought. It is measured as the average percentage of the customer population at risk of experiencing such restrictions over a 25-year period. We are pleased to have met our target of 56.2% again this year and for every year of AMP7,

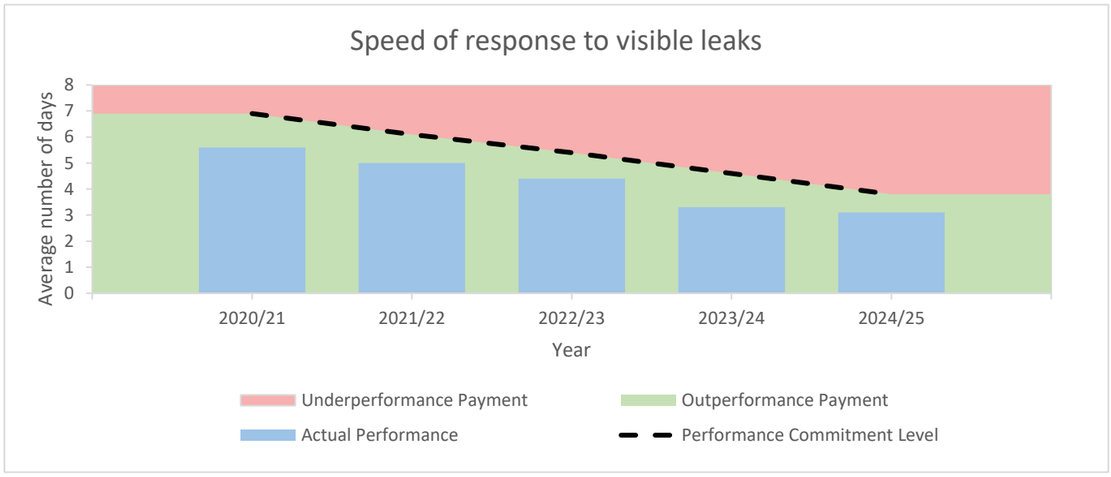
supported by our 2019 Water Resources Management Plan, the implementation of new supply schemes, and demand management initiatives such as leakage reduction and customer demand control.



SPEED OF RESPONSE TO VISIBLE LEAKS ✓

As highlighted earlier in this section, we are now resolving significant visible leaks faster than ever, completing the full end-to-end process—including reinstatement and site clearance—within an average of 3.1 days. Accelerating leak repairs not only conserves valuable water resources but also reduces disruption for our customers and the communities we serve.

This progress has been driven by our use of data and technology to guide decision-making and prioritise resources effectively, both within our organisation and in collaboration with our supply chain partners.

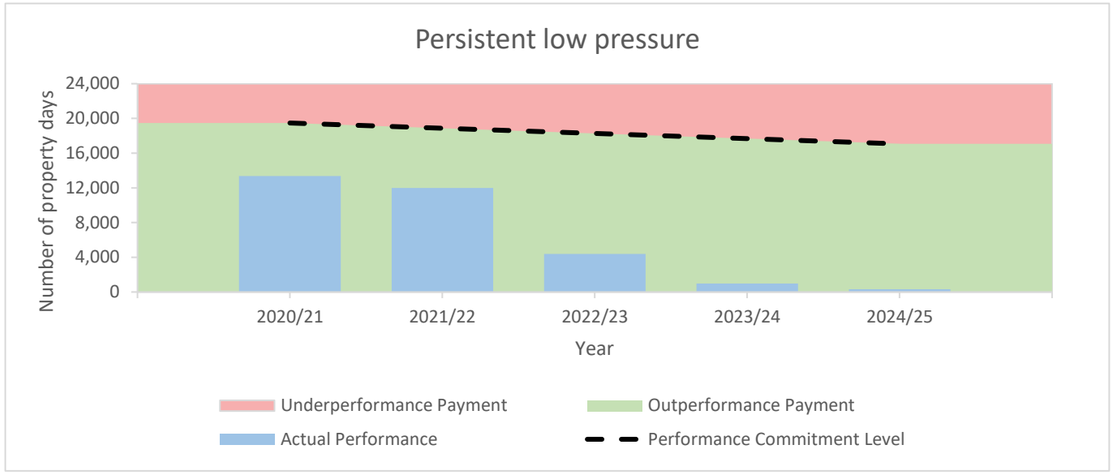


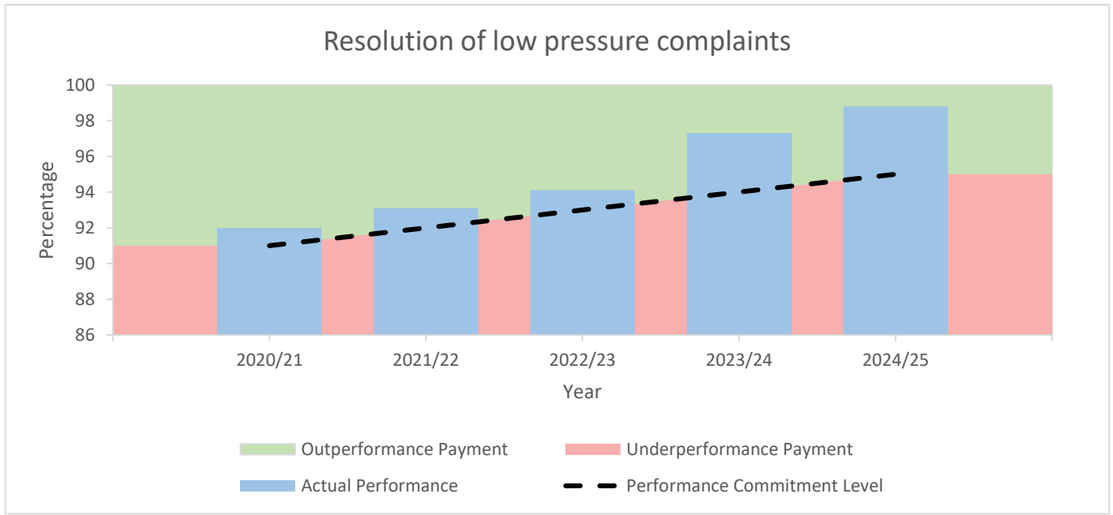
PERSISTENT LOW PRESSURE ✓ & RESOLUTION OF LOW PRESSURE COMPLAINTS ✓

We have achieved our best ever performance in addressing persistent low pressure this year, delivering a 67% year-on-year reduction in the number of days our customers experience low pressure issues. Our performance now stands at 325 property days—well below our performance commitment of 17,062—representing a 98% improvement from our AMP7 baseline and also outperforming our PCL for 2024/25 by 98%.

In addition, we have made strong progress in resolving low pressure issues first time. Across AMP7 we have delivered consecutive year-on-year improvements, and we now resolve nearly 99% of complaints resolved on the first visit.

You can find more detailed information in our Additional Regulatory Information section.

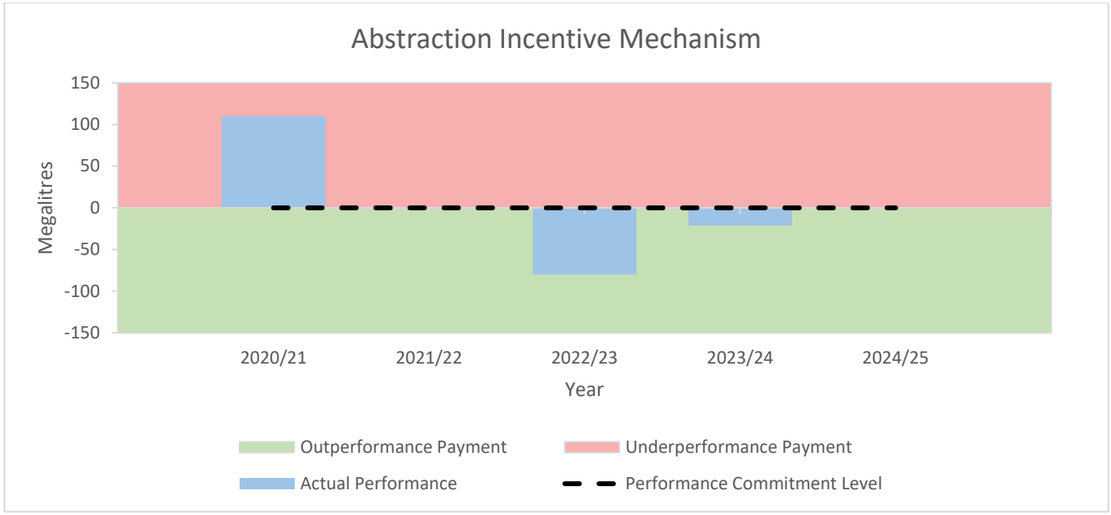




ABSTRACTION INCENTIVE MECHANISM ✓

The abstraction incentive mechanism ('AIM') performance commitment aims to reduce abstraction of water at environmentally sensitive sites when flow or levels are below an agreed trigger point. This trigger will usually be related to the point at which damage could be caused and is intended to prevent or minimise the negative impacts.

We have two sites for AIM AMP7 (Highgate and Dunhampton). The trigger was not met at either site this year, and therefore we out turned 0 Ml and meaning we have achieved our PCL and remain green on this performance commitment.



RESILIENT SUPPLIES ✓

Our performance commitment, resilient supplies, calculates the percentage of customers whose service to the tap can be restored within 24 hours of a single failure event in their normal supply route. This improves services provided to customers through enhancing the levels of supply resilience and protecting them from experiencing long interruptions.

We have achieved the PCLs we set out to achieve at the start of AMP7, with 97.8% of our customers supplies restored within 24 hours of a service failure. Our investment, including a number of capital schemes, delivered over the 2020-25 period have contributed to this improved performance for customers. We've delivered a range of schemes such as, mains laying, installing cross connections, utilising existing assets more effectively, recommissioning abandoned mains and installing new pumping stations.

A summary of the schemes included in the delivery of this performance commitment is provided in the table below.

Scheme	Summary of Scheme
GWS - Milford New Booster Pumping Station ('BPS')	Laid new 400mm pipeline to transfer Swynnerton water to Hatton WTW and improvements to reliability of treatment at Hatton. This allows for full flows from Swynnerton to be treated at Hatton nitrate plant in the event of outage of neighbouring sources.
GWS - Hatton New WTW	
GWS - Mill Meece BPS	
GWS - Hollies BPS	
GWS - Hob Hill BPS	
GWS - Coopers Green Final to Alsagers Bank	Enhanced WTW improvements to improve Arsenic removal and blending at Peckforton, along with some network re-configuration provided sufficient resilience in the event of a failure from both sources.
WTW - Tittesworth	
GWS - Boughton BPS	
GWS - Far Baulker BPS Final to Diamond Ave	Delivered a G12 Supply pipeline of 16.3km of 700mm diameter pipeline between Strelley DSR and Redhill distribution service reservoir to mitigate Ground Water reductions in the Notts GW Area. The increased flow transfer capability provided by this pipeline together with AMP8 improvements to the groundwater sites will facilitate greater flexibility in the operation of the supply in this area allowing the ability to provide second source supplies to these two Ground Water Sites.
GWS - Kinsall	Network improvements including new cross connections, re-commissioning abandoned section, re-zoning district metered areas ('DMAs') and new valve arrangements and pressure reducing values ('PRVs') to ensure a resilient supply is available to properties served from Kinsall Reservoir.
GWS - Mardy	Installation of a new pumping station within an existing building at Oswestry low level reservoir site, plus associated pipework, fittings and flow meter.
WTW - Melbourne	Connection from new WTW at Witches Oak with new pipework to deliver water via Derwent Valley Aqueduct and assisted by cross connections and two new pumping stations to provide resilience in the event of a loss of Melbourne WTW.
WTW - Trimpley	Design and delivery of 11.5km of 500mm diameter pipeline that provides system resilience in the event of a loss of Trimpley WTW from South Staffs WTW.
WTW - Bamford	Dual streaming of the water treatment works, via equal streaming allowing two independent treatment streams to operate and provide resilience in the event of a failure of one stream. All single points of failure were duplicated.
WTW - Campion Hills	New 400mm water main connecting upstream of Chesford Valve House to existing main with two flow meters and two PRVs with bypasses. This solution will separate the supplies between Oversley & Chesford CG and Campion WTW and will allow for the new main and each new PRV to operate independently of one another and ultimately remove the restriction and head losses currently seen, when sending all the flows through the existing 200mm PRV, flow meter and bypass.
WTW - Chester	Three elements to this scheme: - Main laying. 2.7km of new 500mm pipeline from the United Utilities connection point to the Boughton WTW (Severn Trent Water connection point). - Boughton WTW. Inlet main into the bypass of the Contact Tank, Flow Control Valve and Flow Meter, and a run to waste main for the Conditioning Flow. - Huntington WTW. Connection into Huntington WTW designed and constructed by United Utilities.
Aqueduct System – Derwent Valley Aqueduct – Bamford to Ambergate	Enhancements to the trunk main and distribution mains network in north Derbyshire delivering: - North to South Schemes that utilise Bamford WTW and the DVA north of the Hood Syphon to supply the northern control groups. - Central Schemes that utilise an emergency supply from Ogston WTW into the Hare Edge Control Group. - South to North Schemes that utilise Ambergate DSR to feed the southern Control Groups These collectively will supply the East Midlands area normally fed from the Derwent Valley Aqueduct.
Trunk Main - Northfield Service Reservoir ('SR') to Rednall Rd	Installed two manifold connections (6 x 150mm ports) each side of railway bridge for use with overlander pipes in the event of a burst on the 36" main over the mainline railway.
Trunk Main – Derby Zone 1	Installation of two in-line valves, a PRV controlled cross connection to newly installed 560mm DVA to SmartParc main and the existing 12in cast iron main. This cross connection can be used to reverse flows, this will enable the main under the railway to be bypassed during any repair. This would support Derby Zone 1 in the event of the 700mm main under the railway needing to be isolated.
Trunk Main – Stoney Houghton SR Ebb/Flow TM	New isolation valves installed, moved DMA inlet connection, installed new washouts and pressure reducing valve, to reduce length of isolation in the event of a burst main affecting supplies.
Trunk Main - Elms Farm BS to Oldbury SR No.2	Network improvements, new cross connections, valve checks and land access confirmed, to ensure supplies are maintained in the event of a burst.
Trunk Main – Kelham Fox Flow Control Value to Beacon H SR	
Trunk Main - Oldbury 700mm to Griff	

INCREASING WATER SUPPLY CAPACITY ✓

Our increasing water supply capacity performance commitment measures the amount of additional water available following the successful completion of three key schemes. Our total commitment is to deliver an additional 68.5 Ml/d increased water supply capacity to provide resilience to our supply demand balance.

The performance commitment is measured by the increased water supply capacity in Ml/d with our PCL set at 68.5 Ml/d and we're pleased to report that we've delivered our full commitment of increasing water supply capacity by 68.5 Ml/d through the delivery of three key schemes and therefore have not incurred any ODI underperformance payments. These three schemes have all been commissioned and are summarised in the table below.

Assurance Report Reference	PR19 Reference	Description	Ml/d Benefit
Scheme 1	Nottinghamshire supply demand scheme 1	Thornton to Cropston	7.5
Scheme 2	Nottinghamshire supply demand scheme 2	Strelley to Redhill	25.0
Scheme 3	North Staffordshire supply demand scheme	Peckforton	36.0
Total			**68.5**

Thornton to Cropston

This scheme was designed to boost the raw water supply to Cropston WTW by 7.5 Ml/d, supporting a wider initiative to enhance treated water storage, treatment capacity and network resilience. This scheme strengthens our Strategic Grid Water Resource Zone ('WRZ') by increasing headroom and enabling more stable, flexible operations during peak demand.

This scheme, which reuses offline Severn Trent Water assets, as well as c.1 km of new HDPE main has been successfully commissioned to prove the capacity of the new assets to enable transfer between the Strategic Grid WRZ (indirectly via transfer) and Nottinghamshire WRZ.

The construction of this project has been functionally completed and has been commissioned without water going into supply - the asset has demonstrated that the project benefit has been realised and is available to be used when required.

During commissioning, the DWI identified a potential PFAS risk. This is a new risk that was not present at the project design stage, and we have therefore taken the decision to:

- Complete the project and make the new asset available; however
- As a precautionary measure, isolate the asset to mitigate against any potential - and remote - risk to customer health. A separate PFAS removal project has been promoted for AMP8 to treat the water at the abstraction point before transferring it up to Cropston works.

As the DWI notice relating to PFAS was received after the PCL for this PC was set, we are reporting our achieved performance level in line with our PR19 Final Determination.

We did not have funding to deliver an additional PFAS removal scheme during AMP7. The issue around PFAS and commissioning of the Thornton to Cropston scheme was considered at PR24 and deemed to be a new element for which we have a Price Control Deliverable ('PCD') to address the PFAS issue during the course of AMP8.

Strelley to Redhill

The primary objective of this scheme was to enhance water transfer capabilities into the North Nottinghamshire area, enabling the delivery of an additional 25 Ml/d by the end of AMP7, with a future hydraulic capacity of up to 37 Ml/d.

This strategic enhancement is designed to offset anticipated reductions in groundwater abstraction, in line with our AMP8 Restoring Sustainable Abstraction ('RSA') commitments. Increasing surface water transfer capacity, supports long-term water resource resilience and regulatory compliance.

We constructed a new 16 km pipeline connecting the Strelley and Redhill Distribution Service Reservoirs. The pipeline route presented several engineering and environmental challenges, including traversing key transport (M1 motorway, Network Rail mainline and Nottingham Express Transit tramway), bisecting ecological corridors, passing through arable and pastureland, crossing the River Leen and cutting across parkland. We carefully planned and coordinated our construction to minimise disruption and ensure environmental protection.

Peckforton

This scheme addresses the impact of proposed 7.7Ml/d groundwater abstraction reductions identified through Water Industry National Environment Programme ('WINEP') Aquator water resource modelling. Modelling demonstrated that reducing abstraction as proposed would result in a 36 Ml/d decrease in the deployable output of the North Staffordshire WRZ, resulting from limited connectivity within the zone preventing the use of alternative sources.

This scheme has successfully mitigated the potential impacts of this reduction and ensured security of water supply in the North Staffordshire WRZ through the design, construction, installation and commissioning of new assets. These included new sand filters for raw water treatment, inlet and outlet balancing tanks to manage flow and storage, and high lift pumps to ensure efficient water transfer. Additionally, new surge vessels, a control system, and compressors were installed to enhance operational stability and pressure management.

WASTEWATER TAKEN SAFELY AWAY

Our services are an essential part of customers' lives. We take this responsibility seriously and strive to keep water flowing and continuously take wastewater away, so our customers can rely on us, every single day. This section of our report sets out how we have performed on our AMP7 performance commitments for 2024/25.

Performance Commitment	Units	Performance Commitment Level ('PCL')	Performance Achieved	PCL Met	ODI Payment (£m)
Sewer blockages	Number	41,000	28,062	✓	47.871
Internal sewer flooding	Incidents per 10,000 sewer connections	1.34	1.33	✓	0.187
External sewer flooding	Number	3,397	7,018	×	(87.773)
Public sewer flooding	Number	1,884	1,762	✓	1.501
Sewer collapses	Collapses per 1,000 km of wastewater network	8.00	6.31	✓	0.583
Pollution incidents	Incidents per 10,000 km of wastewater network	19.50	29.30	×	(2.044)
Risk of sewer flooding in a storm	Percentage	3.95	5.13	×	Reputational
Green communities	£m	0.120	0.300	✓	0.090
Collaborative flood resilience	Number of properties and areas benefitting	360	432	✓	2.477

Additional Reporting Requirements for Green Communities are set out in the Additional Regulatory Information section.

SEWER BLOCKAGES ✓

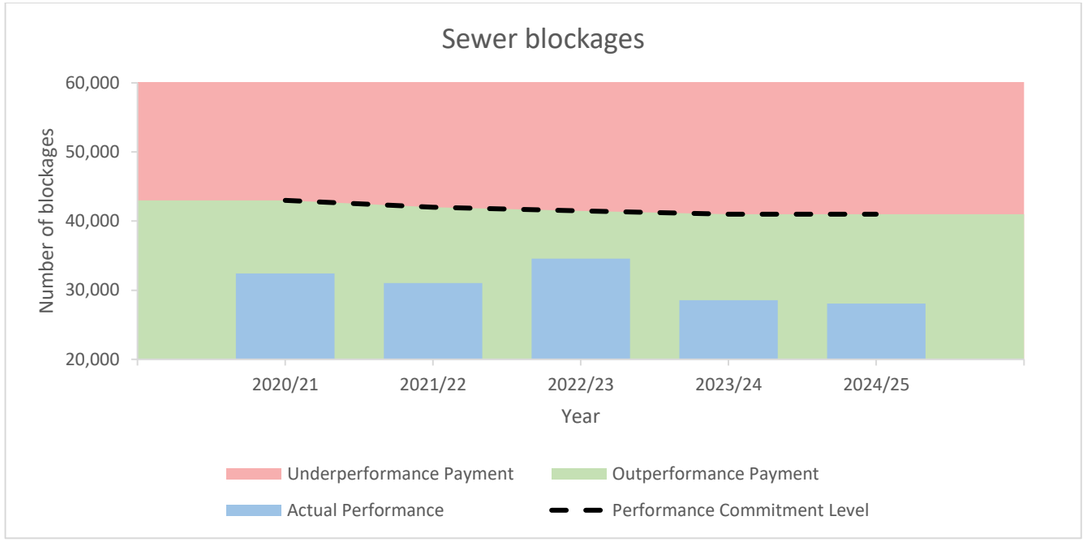
This year we have achieved our best ever performance on sewer blockages of 28,062. This is a 2% improvement from last year and a 40% improvement from the end of AMP6. We have also outperformed against our target for 2024/25 by 32%.

We continue to see benefits from insourcing our Waste Operational Teams, which has given us greater internal control over the quality of work delivered. This has led to a reduction in repeat blockages—a key contributor to flooding on customer premises. It has also enabled faster response times to blockage jobs, allowing us to intervene before issues escalate into internal or external flooding.

To address blockages caused by sewer misuse, we are maintaining our partnerships with food service providers to promote the proper disposal of fats, oils, and greases ('FOG'), helping to prevent these substances from entering the sewer system and causing obstructions.

We continue to embrace innovation, including the introduction of the Stickleback, a device designed to capture items like wet wipes before they cause blockages. Its deployment has been supported by our public awareness campaign, 'Be a binner, not a blocker', which encourages responsible waste disposal.

You can find more detailed information in our Additional Regulatory Information section.



SEWER FLOODING - INTERNAL ✓ / EXTERNAL × / PUBLIC ✓

Sewer flooding remains a key focus, and while we are pleased to have met both our internal and public sewer flooding targets this year, we are disappointed in our external sewer flooding performance. Over the past 12 months, we have faced exceptionally challenging weather conditions, reflected in the increased volume of wastewater treated this year. Higher-than-average rainfall across our region led to daily treatment volumes rising to 3.22 billion litres—up from the AMP7 four-year average of 3.06 billion litres per day.

Despite these demanding conditions, our teams have worked tirelessly to maintain efficient operations and minimise the impact on both customers and the environment. While we are proud of the progress made, we recognise there is still more to do to meet the evolving expectations of our customers.

We know any sewer flooding is a priority for our customers which is why we aim to prevent these incidents from occurring but in the event of sewer flooding we strive to deal with all sewer flooding quickly and efficiently. However, flooding inside our homes causes the biggest issue for our customers which is why we prioritise internal sewer flooding incidents.

Therefore, over the last 12 months we've continued to look for ways to improve our internal sewer flooding performance and our analysis shows that a large number of internal sewer flooding incidents occurred in cellars. As a result of this analysis, in October 2024 we implemented positive steps to improve our operational response for customers experiencing blockage symptoms where their property has a cellar. Analysis shows this has contributed to a reduction of circa 40 internal sewer floodings in cellars compared to 2023/24. Additionally in 2024 we introduced the creation of a deep-dive storyboard by operational experts for all internal sewer flooding incidents. These storyboards are reviewed by a number of colleagues including our Operations Director and are designed to understand the root cause with the aim of preventative measure being put in place, ensure consistency in dealing with these incidents across each region within our company, share and discuss lessons learnt, and escalate any follow on work that may be required.

You can find more detailed information in our Additional Regulatory Information section.

Internal sewer flooding

This year we recorded a 21% year on year decrease in internal sewer floodings with 561 incidents (1.33 per 10,000 sewer connections) compared with 710 in 2023/24 (1.69 per 10,000 sewer connections). This met our PCL and reflected our best internal sewer flooding performance in AMP7 despite challenging weather. However, it is still not where we want it to be as we strive to be the leading company on this important waste measure. To drive improvements, we have delivered targeted operational improvement initiatives to reduce internal sewer flooding incidents such as re-prioritising blockage calls in properties with cellars and a member of our Executive Committee reviewing every single incident to understand the cause and support investment activity.

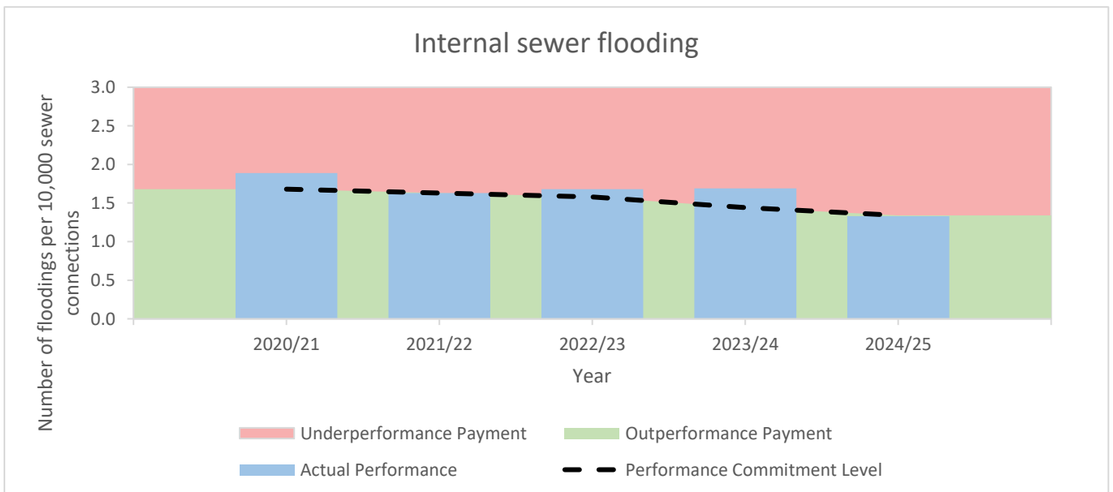
External sewer flooding

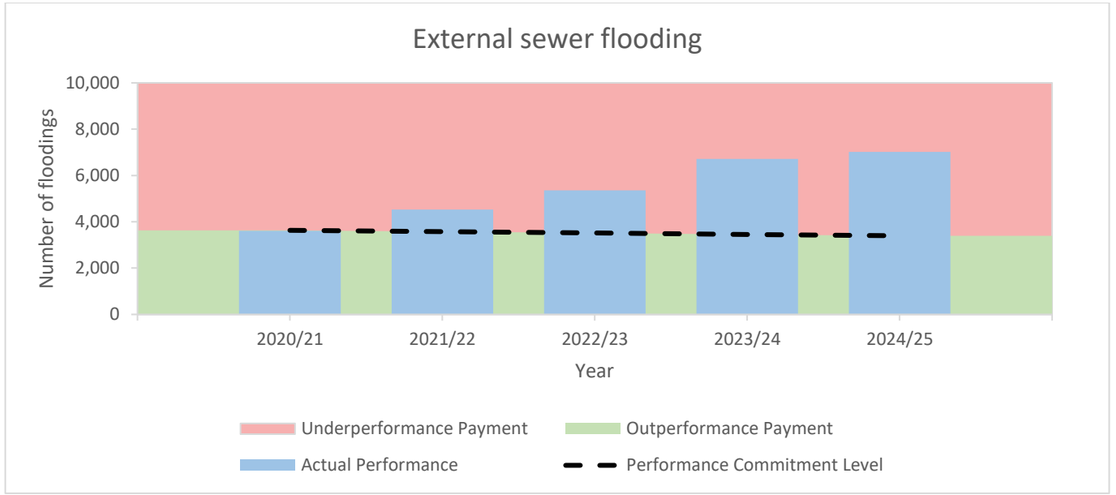
External sewer flooding remains a key focus, and we are disappointed not to have delivered against our stretching target (which is the most demanding in the sector) this year, with our performance broadly in line with last year at 7,018 external flooding incidents, of which 709 were hydraulic incidents and 6,309 flooding other causes ('FOC'). Despite this, we are confident that we will continue to be sector leading for external sewer flooding performance. There are two main factors that drive performance – blockages, which can occur as a result of sewer misuse, and hydraulic flooding, due to heavy rainfall. We review any repeat hydraulic incident with the aim of installing mitigation measures to prevent future customer impacts.

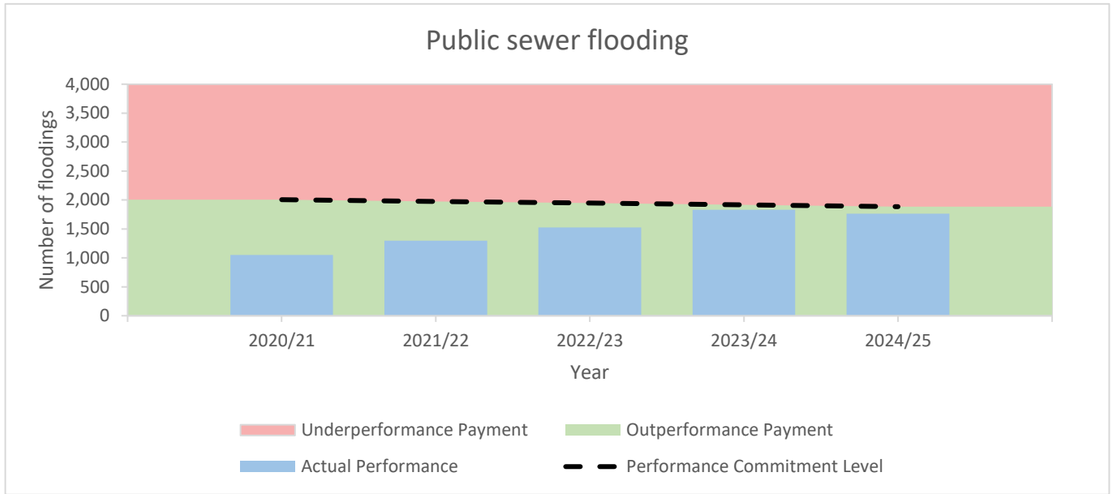
Public sewer flooding

We have outperformed our public sewer flooding target every year in AMP7 since the creation of the measure. This year we have outperformed our target by 6%, with 1,762 incidents and seen a 4% year-on-year improvement despite the impact of wet weather.

We understand that any flooding is not acceptable for customers. This is why we have made improvements to our waste operating model, ensuring we have the right number of crews at the right time to drive quicker response to reported flooding incidents and blockages. If these blockage incidents are not dealt with effectively they have potential to cause flooding incidents. We also ensure we complete effective follow-up activities such as CCTV investigations and permanent fixes. Additionally, we are also supporting customers in vulnerable circumstances and have updated our policy this year. Furthermore, we have created more than 20 community flooding liaison roles, to work with local groups to improve our flooding response, build relationships and improve local resilience plans.







SEWER COLLAPSES ✓

This performance commitment plays a vital role in maintaining and enhancing the overall asset health of our wastewater network, ensuring long-term benefits for both customers and the environment. It measures the number of sewer collapses per 1,000 kilometres of wastewater network that were not proactively identified and have caused service or environmental impacts—where a lower number indicates better performance.

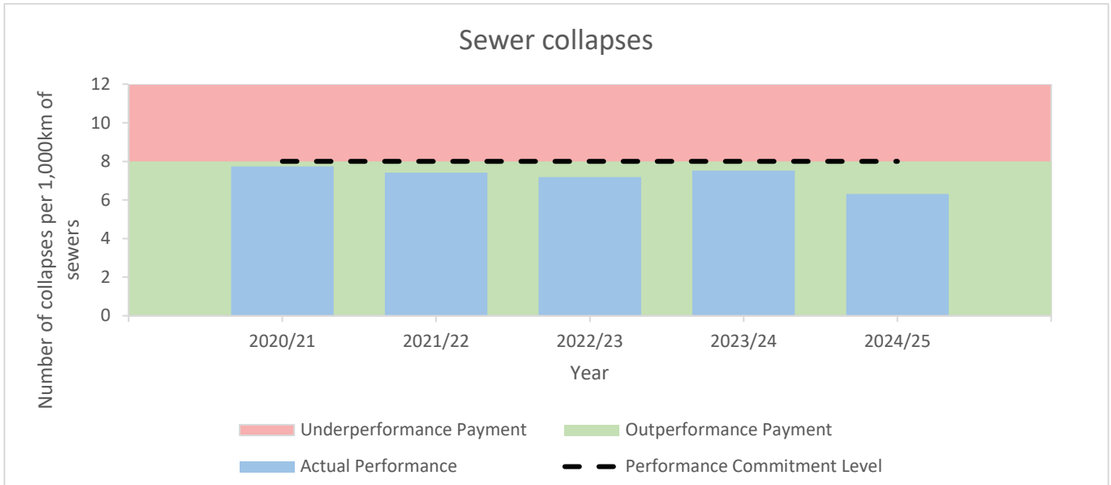
Despite the challenges posed by exceptional weather this year, we achieved a 16% improvement compared to 2023/24. We recorded 587 sewer collapses (6.31 per 1,000 km of sewer), our best performance of AMP7. We are proud to have met our performance commitment in every year of AMP7, continuing a consistent track record of success.

WASTE OPERATIONAL CONTROL CENTRE

Our new waste operational control centre is a state-of-the-art facility designed to revolutionise waste management, by responding to and effectively addressing waste incidents across our network. This innovative hub aims to enhance decision making through real time data analysis and the development of new methods to improve waste resilience. It represents a transformative step in waste management and has created 40 new jobs, providing promotion opportunities for existing employees. The increased workforce allows us to focus even more on improving our performance in handling pollutions and spills to meet the expectations of our customers and regulators.

This advancement in waste management uses an advanced incident tracking system, enabling the logging and monitoring of waste incidents in real time to swiftly identify and respond to incidents, ensuring prompt resolution and minimising disruption to our customers and the environment.

We are confident that this will have a positive impact on the service we provide to our customers and contribute to an improvement in our C-MeX score moving forward.



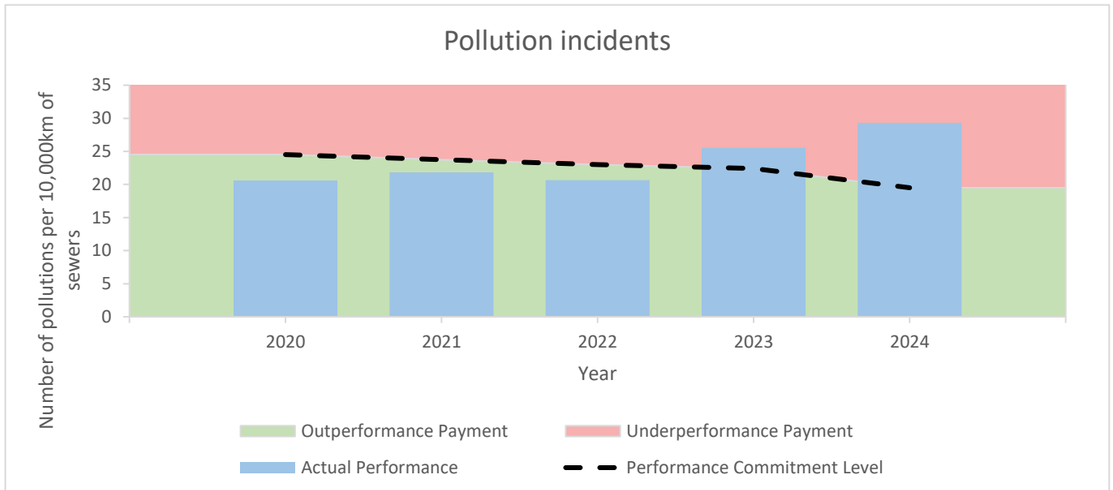
POLLUTION INCIDENTS ✖

This performance commitment measures the number of pollution incident in categories 1 to 3 as defined by the Environment Agency. We experienced 274 pollutions (2023: 239), and disappointingly did not meet our target this year. We also recorded one serious pollution which met the EPA green target. Despite a strong start on our Pollution Incident Reduction Plan in AMP7, we have not achieved the sustained total pollution reduction performance we set out to and are committed to further improvement. Earlier this year, we redefined our PIRP for 2025-30, supported by a £400 million investment over the next two years to deliver the step change in performance that our customers and wider stakeholders expect. Our investment will improve our resilience and speed of response, and ultimately our performance, through the following activity:

- Creation of a new waste operational control centre – focused on alarm monitoring and management, response to events and implementing immediate solutions ahead of permanent solutions being implemented, such as over pumping.
- Recruiting a dedicated Repeat Prevention Team of technical experts to assess and permanently fix any issues – this team will improve our speed of response to events, to ensure zero repeats. They will also triple our volume of proactive interventions such as cleansing and lining and undertaking complex repairs in-house.
- Improving the standards and capacity at Sewage Pumping Stations ('SPS') – improving 400 SPS, ensuring we eliminate the risk of repeat incidents from these assets.
- Deploying new technology and innovation at scale – for example on infiltration schemes to reduce the hydraulic pressure on our network and help reduce pollutions, spills and sewer flooding.
- Increased focus on asset monitoring and maintenance, such as screw pumps, to prevent pollutions events.

We want to deliver faster improvements and have set bold targets to drive performance improvements, supported by scale investment plans and weekly Executive Committee oversight of individual measures. Our serious pollutions performance is green against the EPA target with one reported in the year.

All of this activity will be supported by the skills and expertise of our people, assisted by specific training delivered though our Academy – including immersive training using our pollutions training river, which provides frontline operatives with hands-on experience in dealing with various types of pollution incidents, helping to reduce potential environmental impacts.



STORM INTELLIGENCE

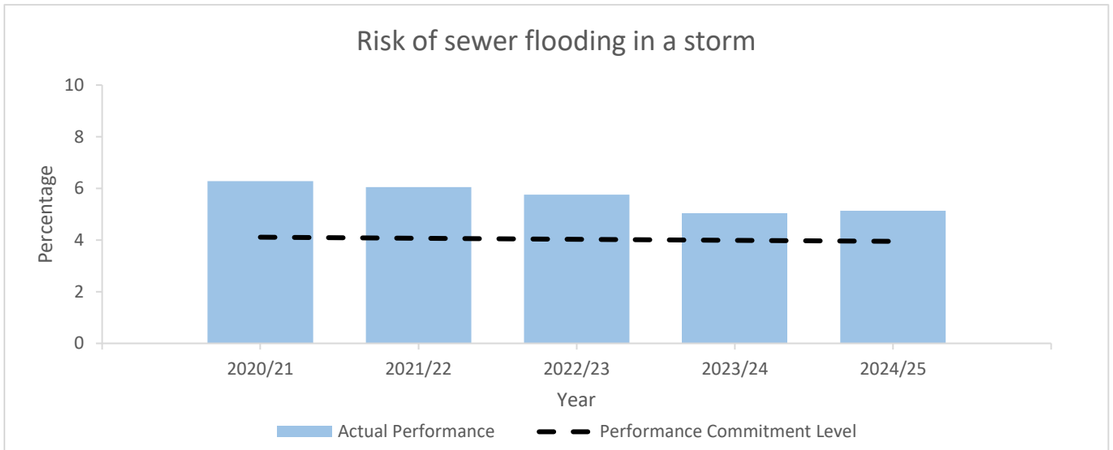
We have developed an AI-based platform to support our Network Control Team to manage weather-related incidents. Using AI-boosted modelling, we can predict our sewer network response to storms. This helps us deploy resources before storm overflow spills, pollutions or sewer floodings occur.

RISK OF SEWER FLOODING IN A STORM ✖

The purpose of this measure is to reduce flood risk during storm events, protecting customers and the environment from the potential disruption and impact associated with flood events. It also aims to reduce the cost of flood resilience for customers through an improved understanding of flood risks and interventions.

We continue to use detailed data and analytics to improve our approach, including improving hydraulic sewer models to ensure they provide a better representation of what is happening across our sewerage catchments. Over the past 12 months, we completed model maintenance to support AMP8 schemes (in particular storm overflow improvements) which will result in improved model confidence and improve the accuracy of our model and the representation of the risk.

In 2021/22, we notified Ofwat of an error in our baseline performance data from which our PCLs were set. This error resulted in our annual PCLs across AMP7 being set too low, as the percentage of population at risk was understated. Ofwat were asked to consider updating our PCLs based on the corrected data however this proposal was not accepted and our AMP7 targets remain in line with the PR19 Final Determination. We have reported our performance with the data error corrected throughout AMP7, resulting in us missing our PCL each year. Were the PCLs updated to reflect our corrected baseline performance we would have achieved our PCLs in every year of the AMP.

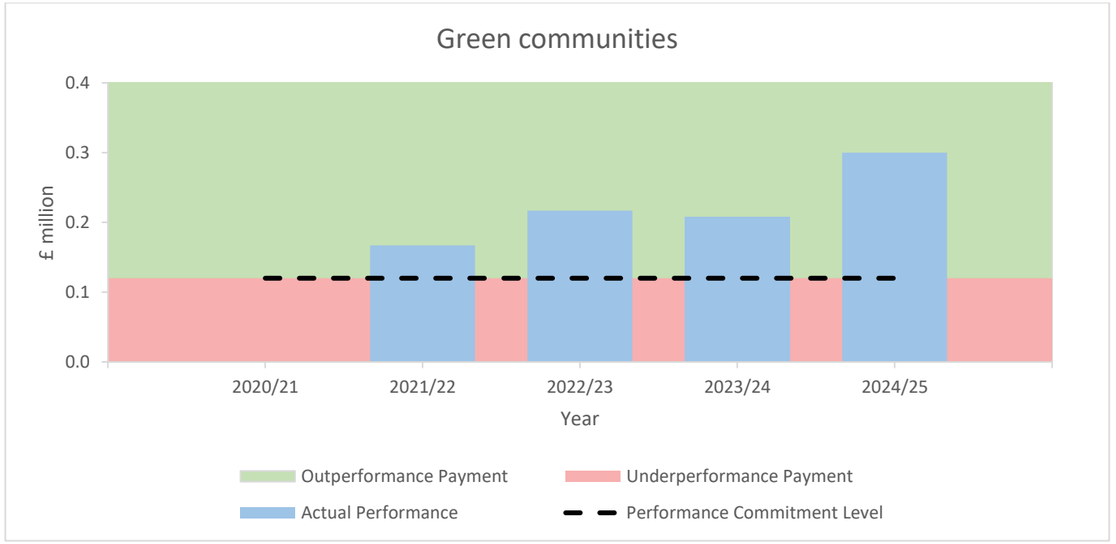


This is a reputational performance commitment and therefore no outperformance or underperformance ODI payments apply.

GREEN COMMUNITIES ✓

We are delighted to have delivered our green communities commitment, delivering £0.3 million of increased natural and social capital in urbanised communities.

We have completed one scheme this year, at a school in Nottingham which was delivered in collaboration with the respective school board and local County Council. This included solutions such as rain gardens, swales and Sustainable urban Drainage Systems ('SuDS').



COLLABORATIVE FLOOD RESILIENCE ('CFR') ✓

Flood risk does not respect boundaries between assets and organisations, and therefore in order to effectively manage flood risk and in the interest of our customers, we work together with our partner Risk Management Authorities ('RMAs') to manage flood risk. This performance commitment measures the number of properties and areas benefitting from a reduced risk of flooding by delivering interventions in partnership with other flood Risk Management Authorities.

Our ongoing engagement and partnership working with Lead Local Flood Authorities and the Environment Agency has led to development of many potential projects, some of which have been delivered this AMP and meet the CFR criteria. The end of AMP target was 360 properties, and we outperformed by reducing flood risk to 432 properties. We have delivered 6 projects in partnership with organisations to reduce flood risk and increase flood resilience. The projects have included a range of measures such as increasing the capacity of sewers and drainage networks, property flood resilience, and asset resilience measures such as flap valves. These schemes have been co-funded and delivered in various ways to achieve efficiencies and better outcomes for customers.

A THRIVING ENVIRONMENT

We safeguard the natural resources we use and enjoy, and we work in partnership to improve the rivers and habitats that provide them. The natural environment is critical to our business; by working with our it we not only improve biodiversity across our region, but we also encourage nature to do some of the hard work for us. This section of our report sets out how we have performed on our AMP7 performance commitments for 2024/25.

Performance Commitment	Units	Performance Commitment Level ('PCL')	Performance Achieved	PCL Met	ODI Payment (£m)
Biodiversity (Water)	Hectares	952.6	11,344.7	✓	37.723
Biodiversity (Waste)	Hectares	137.8	4,888.5	✓	17.245
Treatment works compliance	%	100.00 (deadband 99.00)	99.46	×	0.000
Satisfactory sludge use and disposal	%	100.00	100.00	✓	0.000
Improvements in WFD criteria	Points	211	267	✓	45.640
Improvements in WFD criteria (Green Recovery)	Points	7	21	✓	11.410

BIODIVERSITY – WATER ✓ AND WASTE ✓

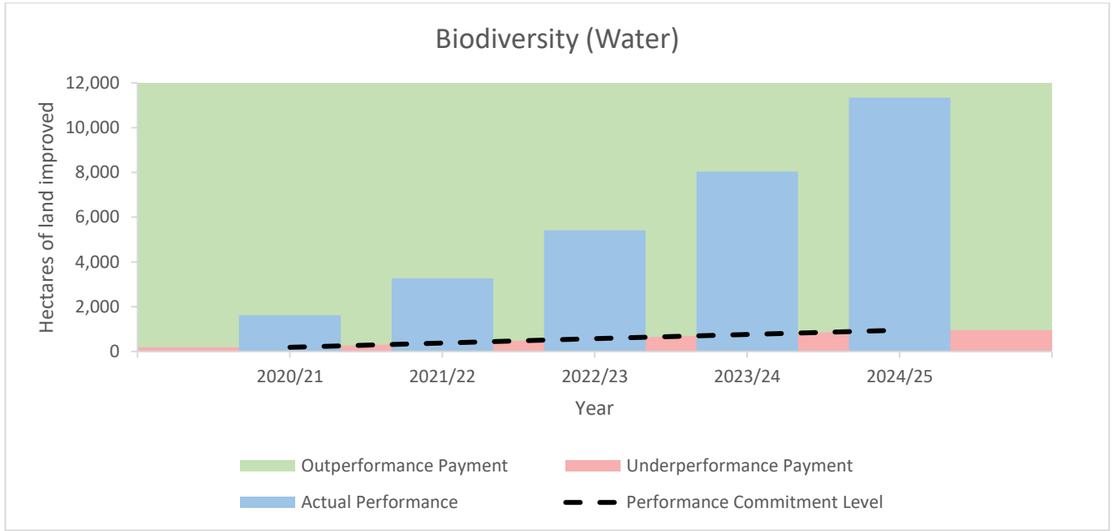
This performance commitment is designed to conserve and enhance biodiversity, which will also deliver other benefits such as increased resilience to climate change and improved water quality.

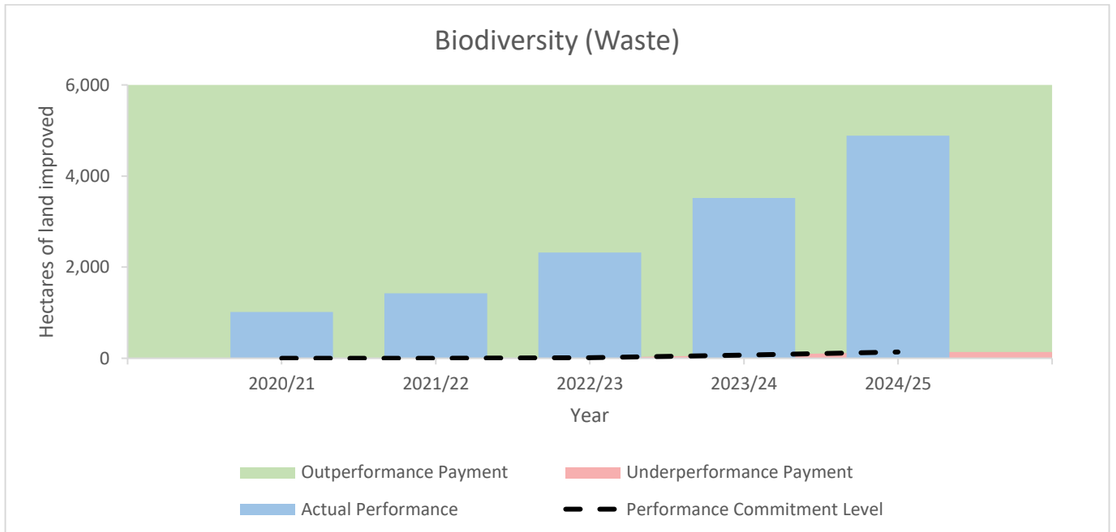
Our commitment to the natural environment is central to our operations, with everyone in our business dedicated to protecting and enhancing nature, habitats, and rivers across our region. We believe that caring for nature also means caring for water. In 2020, we launched the Great Big Nature Boost ('GBNB') initiative to enhance biodiversity and improve nature across our region. We set ambitious targets, including boosting biodiversity across 5,000 hectares by 2027, which we achieved four years early in 2023. We then set a new target of improving 10,000 hectares by 2025 and surpassed this goal in 2024, delivering improvements to over 16,200 hectares, accounting for more than 3% of the nation's 2042 Nature Recovery Network target.

Our success is largely due to our collaboration with nationally recognised partners such as the National Trust, Royal Society for the Protection of Birds, and regional Wildlife Trusts. Their expertise and dedication have been instrumental in achieving our goals. In the final year of AMP7, we worked with 20 partners on 36 projects, improving over 3,100 hectares. Notable projects include the reintroduction of beavers in Shropshire, which play a crucial role in creating natural habitats and enhancing water quality. Additionally, we pledged to plant 1.3 million trees by 2027, created 33 new woodlands, and supported 27 projects through our Boost for Biodiversity grant fund. Our efforts have led to significant improvements in our region, and we remain committed to continuing this work as we enter AMP8.

We are incredibly proud of the work we do to protect and enhance nature - and we have delivered a number of significant improvements in our region over the last five years. We remain focused on this as we enter AMP8, continuing to work hard for nature and as well as maintaining the work that we have completed with our partners over the past five years.

You can find more detailed information in our Additional Regulatory Information section.



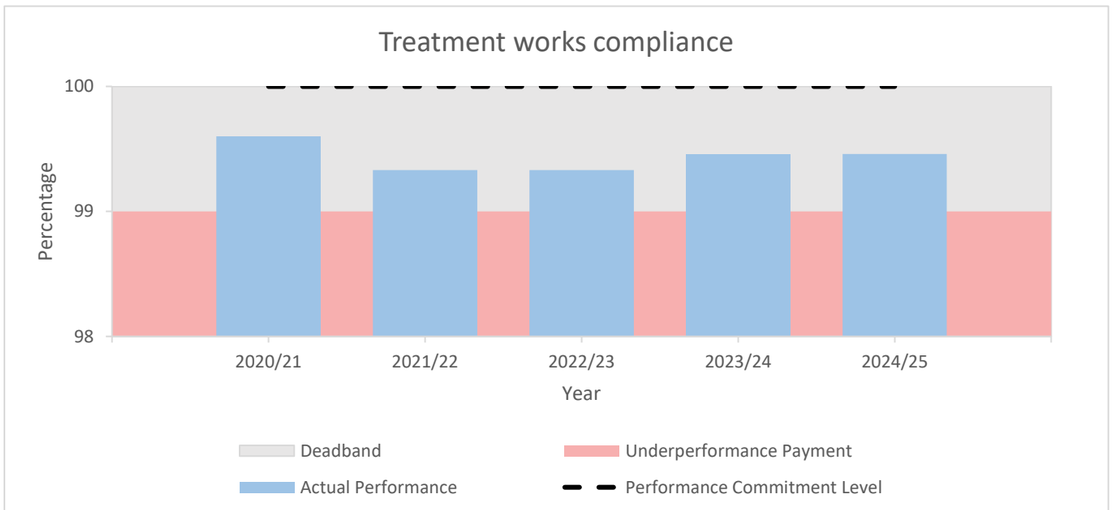


SATISFACTORY SLUDGE USE AND DISPOSAL ✓

Biosolids applied to agricultural land provide valuable nutrients and benefit the structure of the soil. Our performance commitment for satisfactory sludge use and disposal protects the environment by ensuring that biosolids recycled to agricultural land are compliant with appropriate guidelines. For the fifth year in a row in this AMP, 100% of our sludge satisfactorily used or disposed of is compliant with the relevant guidelines (Version 3 of the Environment Agency's Water and Sewerage Company EPA methodology, May 2021).

TREATMENT WORKS COMPLIANCE ✓

Our strong compliance record extends beyond biosolids management. Across our water and wastewater treatment works, we met 99.46% of permit conditions - exceeding the regulatory deadband of 99.00% as we have done every year of AMP7. This aligns with the reporting guidance provided by the EA for the Water and Sewerage Company EPA Methodology in May 2021.



DELIVERY AGAINST WATER FRAMEWORK DIRECTIVE ('WFD') - CORE ✓ & GREEN RECOVERY ✓

As part of our commitment to environmental improvement, we pursue opportunities beyond the minimum expectations. Our improvements in WFD criteria performance commitment focuses on achieving measurable enhancements in waterbody quality. Each point represents progress in the WFD classification score. For the benefit of the environment, we have accelerated additional schemes that reduce the impact of named substances identified through the Chemical Investigations Programme lead by UK Water Industry Research. These efforts are directly linked to the 'Rivers Need' improvements by the EA.

Over the course of AMP7 we have successfully delivered 267 points against our end of AMP target of 211. This included 24 accelerated points from AMP8 schemes, demonstrating our commitment to delivering improvements faster for our customers.

We also have a WFD performance commitment corresponding to our Green Recovery investment. On this measure we delivered an additional 21 points, 3 times more than our target.

OTHER ENVIRONMENTAL COMMITMENTS

Beyond the performance commitments outlined above, we also set out a summary of our performance against our EPA metrics and our River Pledges.

EPA METRICS

We have achieved the highest possible EPA rating of 4* for the last five years, and we are confident that we will achieve this rating again in the EPA for 2024, making it six consecutive years and every year of AMP7 – something no other company in the sector has ever achieved. No other company has ever achieved more than three consecutive years at 4* status.

EPA metric	2024 EPA green target	2024 performance	2024 status
Serious Pollutions	1 or below	1	Green
Category 1-3 Waste Pollutions	191 or fewer incidents	274	Amber
Discharge Permit Compliance	99.0%	99.5%	Green
Self-reported pollutions	80%	90%	Green
WINEP Delivery	100%	100%	Green
Supply Demand Balance Index	100	100	Green
Satisfactory Sludge Use and Disposal	>98.1%	100%	Green

**Subject to Final Determination by the EA*

Our EPA performance for AMP7 is summarised below.

Calendar year	2023	2022	2021	2020
EPA rating	4*	4*	4*	4*

We discuss our Pollution Incidents performance in the Wastewater taken safely away chapter in this section.

The sector EPA performance for 2023, being the last available sector report, is summarised below.

Company	Anglian Water	Northumbrian Water	Severn Trent Water	Southern Water	South West Water	Thames Water	United Utilities	Wessex Water	Yorkshire Water
EPA rating	2*	3*	4*	2*	2*	2*	4*	4*	2*

The EA has confirmed the methodology for EPA is changing from 2026 and we are therefore expecting it will become significantly harder to achieve a 4* rating. We are shadow reporting the proposed new measures to position us strongly for the future EPA regime.

IMPROVING CLARITY AND TRANSPARENCY

IMPROVING CLARITY AND TRANSPARENCY

Transparency and trust are two of the most important things in our sector. We are disappointed that trust in our sector has declined and are focused on engaging with our stakeholders to build back their trust in us. We strive to uphold the highest levels of corporate governance and demonstrate transparency in our reporting in a way that is meaningful for all of our stakeholders so they can hold us to account.

To ensure the highest levels of transparency and clarity, below we have provided additional commentary on those areas where we believe greater clarity would be beneficial.

A01 REDUCING RESIDENTIAL VOID PROPERTIES

DETAIL RELATING TO INVALID SERVICE PROVISIONS

In APR22 we identified improvements in our reported voids number that highlighted activity to reduce void properties separately to improvements in data quality. Specifically, we identified a category known as 'invalid service provisions' ('ISPs') which are properties that no longer exist; for example, a single property that has been turned into flats or a house that has been demolished.

Ofwat's in-period ODI determination in November 2022, confirmed that we should continue to report our performance including ISPs as our performance commitment levels ('PCLs') were set on this basis.

Accordingly, as outlined in the table below, we have ensured our reported number includes the actual ISPs we have currently identified and, that we do not claim outperformance incentives for the additional ISPs.

Void properties performance breakdown	2024/25
Performance Commitment Level	167,380
Void Properties	86,376
Invalid Service Provisions	30,078
Reported Performance	**116,454**

A02 REDUCING RESIDENTIAL GAP SITES

DETAIL RELATING TO NEW CONNECTIONS SITES

For this reputational only measure, properties that have been through the new connections process were included in prior years reporting as this is how the AMP7 performance commitment levels were originally set. Our Final Determination states that these properties should be excluded however, for APR25 we propose to continue reporting in line with how the PCLs were set to maintain consistency. The breakdown of the reporting for APR25 is outlined in the table below.

Gap sites performance breakdown	2024/25
Performance Commitment Level	688
Properties that had been though the new connection process	461
Properties that have not been though the new connection process	324
Reported Performance	**785**

B01 INSPIRING CUSTOMERS TO USE WATER WISELY

REPEAT OF YEAR TWO WATER TOPIC

In line with our Final Determination, if a customer commits to change their behaviour in relation to more than one of the three pledges following a single education session, we will only count this as one customer commitment for the purposes of this measure. To support this, our education programme has annual themes, focusing on one topic each year and seeking just a single pledge. Therefore, a customer may attend separate education sessions over multiple years and make two or three pledges for different behaviours. In this circumstance we would count each pledge individually per topic.

C01 TREATMENT WORKS COMPLIANCE

COMPLIANCE WITH EA/EPA REPORTING GUIDELINES

We hold a strong record of compliance, delivering 99.46% of the permit conditions across our water and wastewater treatment works. This continues to be a performance level that outperforms our regulatory deadband of 99.00%. Our reported performance is in line with the reporting guidance for the Water and Sewerage Company EPA methodology released by the EA in May 2021.

C05 SATISFACTORY SLUDGE USE AND DISPOSAL

COMPLIANCE WITH ENVIRONMENT AGENCY'S EPA REPORTING GUIDELINES

Biosolids applied to agricultural land provide valuable nutrients and benefit the structure of the soil. Our performance commitment, satisfactory sludge use and disposal, protects the environment by ensuring that biosolids recycled to agricultural land are compliant with appropriate guidelines. For the fifth year in a row in this AMP, 100% of our sludge satisfactorily used or disposed of is compliant with the relevant guidelines in version 3 of the Water and Sewerage Company EPA methodology.

F01 INTERNAL SEWER FLOODING / F05 EXTERNAL SEWER FLOODING

FLOODING FROM EXTERNAL ASSETS

As part of a review of flooding incidents in 2024/25, we have identified 79 examples where an internal flooding has been recorded when, in fact, the flooding has emanated from an external asset source (i.e. gully, unsealed manhole). These instances arise when 'lean to' extensions or conservatories have not been built in compliance with building regulations requirements to remove, upgrade or relocate such assets. For 2024/25, reporting in relation to floodings of this nature have therefore been classified as external floodings.

F04 RISK OF SEWER FLOODING IN A STORM

ANALYSIS USED TO SET AMP7 PERFORMANCE COMMITMENT LEVELS

We continue to report this measure in line with our 2022/23 and 2023/24 approach.

In 2021/22 we notified Ofwat that we had identified an issue as part of our APR data assurance process that occurred during the analysis to set the baseline at PR19. The effect of this error was to understate the percentage of population at risk at medium/high vulnerability. As such, we believe that our annual PCLs are set too stringently.

We asked Ofwat to consider restating our AMP7 targets, however this was not accepted and our AMP7 targets remain in line with our Final Determination.

G02 LEAKAGE

ESTIMATION OF MINOR COMPONENTS

In 2022/23, to ensure we had a more robust estimate of the minor components within our water balance, we undertook a programme of work to refine our estimation of unbilled consumption, including flushing of fire mains and storage tanks which was set out in our 2022/23 and 2023/24 submissions. The same approach is being followed for this 2024/25 APR with a similar number being reported.

TRUNK MAIN LOSSES METHODOLOGY

As part of our trunk main leakage calculation, we use a combination of 'flow balance' and 'modelled results' while we move to full 'flow balance' reporting in AMP8 with the data for each Water Resource Zone becoming more robust. We will ensure the initialisation of flow balances in all zones is completed this year in readiness for switching over at the start of AMP8.

Our approach has been previously shared with Ofwat and our assurance partner, Jacobs, support the continued use of the modelled data.

CHECK METERS

A risk was identified at the end of the 2023/24 reporting year that we were potentially double counting night use for household properties with more than one meter in our billing system (check meters). Therefore, we made an amendment to 2023/24 reporting which resulted in a 4.8 Ml/d increase in leakage.

This year we have completed a thorough investigation and confirmed that there is no duplication. Jacobs reviewed this at half year, and we have taken our Targeting teams through the process. Both are assured that the calculation for night flow leakage was correct, and the adjustment is not required. This has now been removed from our 2023/24 reporting, and we have not applied this in 2024/25.

G03 PER CAPITA CONSUMPTION ('PCC')

UNMEASURED CONSUMPTION MODELLING

In line with our aim to reduce the water balance gap to below 2%, we've taken decisive action to improve the accuracy of our reporting, and we have improved our understanding of where water is being used and lost. This is a vital step in helping us target leakage and consumption reduction more effectively.

Following a thorough investigation into the discrepancy in our water balance, we identified that unmeasured consumption was a key driver. In response, we've enhanced our unmeasured consumption modelling by transitioning toward our more robust AMP8 methodology. This improvement integrates smart meter data directly into the model and phases out the use of small area monitors. The result is a richer dataset and more accurate outputs.

Thanks to the availability of smart meter data, we've been able to restate our 2023/24 performance and applied the updated methodology to 2024/25. As a result of this change, we've seen an increase in PCC and a corresponding reduction in reported leakage—helping to close our water balance gap further and strengthening our ability to manage water resources sustainably.

G12 INCREASING SUPPLY CAPACITY

SCHEME DELIVERY ASSURANCE

As per the requirement set out in our Final Determination for this performance commitment, Jacobs have undertaken independent technical assurance and have noted a risk related to the completion of our Peckforton scheme.

This scheme had two separate deliverables (the AMP7 performance commitment and a DWI commitment to provide arsenic treatment). Our performance commitment is based on the yield produced by the three schemes that make up this performance commitment (of which Peckforton is one) and specifically measured as the increase in deployable output in megalitres per day (Ml/d). The way in which we deliver this increase in Ml/d is not prescribed allowing flexibility in our approach to provide resilience for our customers in the most efficient way possible.

Due to the provision of additional capacity through a new borehole, there was no requirement to commission the arsenic plant to achieve the 36 Ml/d increase from the Peckforton scheme, and the performance commitment was delivered and evidenced without a need for the arsenic removal plant to be commissioned which is required for our DWI commitment.

Jacobs confirmed the scheme has been successfully commissioned and provides the required increase in supply capacity. They did however consider there was a risk related to the arsenic removal not being completed by 31 March 2025. As the performance commitment allows for flexibility in how the increased water supply capacity is delivered and does not specify the assets required for delivery, the risk is considered non-material. The arsenic removal plant was commissioned in April and reported as complete to the DWI.

PROPERTIES AND VOLUMES (TABLE 4R AND 2F)

This year we identified around 57,000 waste customers who are billed by Severn Trent for highway drainage as well as billed by other water companies for water and waste. The duplication resulted in a 1.4% overstatement of our residential customers as reported in tables 4R and 2F.

APR table 2F line 7

Year	Original Residential Customers	Updated Residential Customers	Customers Difference	Percentage Change
2020/21	4,074,392	4,017,584	56,808	-1.4%
2021/22	4,113,368	4,057,209	56,159	-1.4%
2022/23	4,165,282	4,110,636	54,646	-1.3%
2023/24	4,219,135	4,163,395	55,740	-1.3%

This duplication also impacts our waste connected properties (4R.16), therefore impacting the performance for our internal sewer flooding performance commitment in prior years of AMP7 given that it is normalised by the number of wastewater connections.

APR table 4R line 16

Year	Original Connections	Updated Connections	Connections Difference	Percentage Change
2020/21	4,189,896	4,131,633	58,263	-1.4%
2021/22	4,205,208	4,147,669	57,539	-1.4%
2022/23	4,218,140	4,161,651	56,489	-1.3%
2023/24	4,258,580	4,200,904	57,676	-1.4%

We have restated the performance for the previous four years of AMP7 to be consistent with APR25 where we have corrected this error. As this only impacts the normalising value, the number of internal sewer flooding incidents remains unchanged, only normalised performance aligning to the performance commitment reporting requirements is impacted.

Year	Absolute Performance	Normalised Performance - Original	Normalised Performance - Updated
2020/21	780	1.86	1.89
2021/22	677	1.61	1.63
2022/23	698	1.65	1.68
2023/24	710	1.67	1.69

As this has been corrected APR25, it will not impact the in-year ODI performance of 1.33 and the corresponding ODI payment of £0.2m. However, the performance changes from this restatement results in additional ODI payments of -£2.2m (net tax and pre-sharing) which would have been incurred over the previous four years.

Year	ODI Payment - Original (£m Net Tax)	ODI Payment - Updated (£m Net Tax)	Difference (£m, Net Tax, 2017/18 Prices)
2020/21	-4.068	-4.746	-0.678
2021/22	0.374	0.000	-0.374
2022/23	-1.582	-2.260	-0.678
2023/24	-5.198	-5.651	-0.453

EMERGENCY OVERFLOWS (TABLE 7C)

We signaled to Ofwat in the table commentary of APR24 that we would be reviewing all of our emergency overflows and their associated environmental permits - and this data would be updated when this process was complete.

As expected, this activity is now complete and has identified some duplicate records and redundant assets which has reduced the number of reported emergency overflows. Revised values have been subject to internal first and second line assurance as well as a third line audit with Jacobs. There is currently no impact on other APR lines (7C.8 Number of combined sewer overflows, 7C.10 Number of settled storm overflows) or other regulatory submissions like the EDM annual return.

APR24 was resubmitted in February 2025 including the revised emergency overflow values as shown in the table below.

APR Line	July 2024	January 2025	Change
7C.9 Number of emergency overflows – sewage pumping stations	691	674	-17
7C.33 Number of emergency overflows – sewage pumping stations (as at 1 January 2025)	691	674	-17
7C.34 Number of emergency overflows – network (as at 1 January 2025)	5	5	No Change
7C.35 Number of emergency overflows – other (as at 1 January 2025)	59	42	-17
7C.36 Number of emergency overflows – all (as at 1 January 2025) (7C.33 + 7C.34 + 7C.35)	755	721	-34

GREEN RECOVERY – DECARBONISING WATER RESOURCES (TABLE 10.E)

The Witches Oak project, a key component of our Green Recovery Programme, was originally scoped to abstract water from the River Trent and deliver a new treatment works. This scope was set out in Ofwat's Green Recovery Final Determination (July 2021) and Addendum (August 2022) – which was unrelated to PFAS. However, in mid-2022, the regulatory landscape changed significantly with the emergence of new guidance on per- and polyfluoroalkyl substances ('PFAS'), which had not been anticipated at the time of the Final Determination.

In July 2022, the Drinking Water Inspectorate ('DWI') issued an Information Letter expanding PFAS monitoring requirements to include all individual PFAS compounds, beyond the previously regulated PFOA and PFOS. This was followed in August 2022 by Severn Trent's first Tier 3 wholesomeness breach at Church Wilne, confirming the presence of PFAS in the River Trent supply. These developments necessitated a fundamental redesign of the Witches Oak scheme to ensure compliance with evolving drinking water standards.

Rather than delay the project indefinitely or risk delivering a non-operational site, we acted decisively. We expanded the scope beyond what had been agreed to in the Final Determination to include a new raw water source from the River Derwent, alongside the design and construction of additional infrastructure to enable dual-source operation. This included:

- Pipeline Interconnectors from the River Derwent Intake to Witches Oak Water Treatment Works;
- Raw Water Balance Tank;
- Raw Water Booster Pumps to manage head differential; and
- Software and Control Modifications at the River Derwent Intake.

These assets, delivered at a construction cost of £2.612 million, were implemented within an 11-month delivery window (Design & Procurement: Apr–Oct 2024; Construction: May–Dec 2024; Commissioning: Dec 2024–Feb 2025).

Without this intervention, the site would have been physically complete but unable to supply water due to PFAS contamination in the River Trent. Our proactive response has ensured that the site will be operational by summer 2025, with emergency supply capability from the River Derwent as early as July 2025. This demonstrates a clear commitment to public health, environmental protection, and long-term resilience. Importantly, this was achieved within a three-year delivery window—approximately a third faster than expected timelines for projects of this scale and complexity.

While the literal calculation of delivery for line 10E.24 stands at 92.3%, based on final commissioning stages, we have applied an executive overlay to report 100% completion in Table 10E. This reflects the fact that the original scope has been fully delivered barring the commissioning which was held up due to the additional scope which was only required due to unforeseen regulatory changes. The DWI notice relating to PFAS was received after the Final Determination was set, and without the funding to deliver an additional PFAS removal scheme during AMP7 we therefore consider that penalising the company for responding responsibly to a newly identified public health risk would be inconsistent with the principles of the Green Recovery initiative.

We request that Ofwat recognises the exceptional circumstances and supports our position that the allowance for this programme should remain intact.

GREEN RECOVERY ADJUSTMENT

The Green Recovery Final Determination requires that we exclude the green recovery benefits from PR19 performance commitments. We have followed this approach for; biodiversity (water), biodiversity (waste), leakage, number of water meters installed, PCC and risk of sewer flooding in a storm.

For external sewer flooding, internal sewer flooding and pollution incidents we have chosen not to exclude the green recovery benefit from our reported performance in tables 3B and 3G to remain in line with the Environment Agency's EPA and Consumer Council for Water's metrics. However, to ensure we are not claiming a financial benefit from this change, we have applied an overlay in our ODI model which removes the benefit from our Green Recovery programme for these performance commitments. Having said this, there is no impact on internal sewer flooding as our normalised performance remains the same based on both 561 and 562 absolute flooding incidents. Additionally, there is no financial impact to pollution incidents as both 274 and 275 absolute performance levels are above our underperformance collar when converted into normalised performance levels.

The table below outlines the benefit from Green Recovery on these three performance commitments and how it has been reported in our APR tables.

Performance commitment	Actual performance (Section 3)	Green Recovery savings (Section 10)	Performance with Green Recovery benefit exclusions applied used for ODI payment calculations
Internal Sewer Flooding	561	1	562
External Sewer Flooding	7,018	6	7,024
Pollution Incidents	274	1	275

AMP7 COMMON PERFORMANCE MEASURES COMPLIANCE STATUS

In line with RAG 3.15, section 4.40, we can confirm that we are compliant with all the components of the AMP7 common methodology checklists for the following named performance commitments:

- Water Supply Interruptions;
- Mains Repairs;
- Unplanned Outage;
- Internal Sewer Flooding;
- Leakage;
- PCC; and
- Sewer Collapses.

This compliance has been assured via our three lines of assurance framework and is noted in the Jacobs Assurance Statement.

REGULATORY REPORTING

OUR APPROACH TO REGULATORY REPORTING

Transparency and trust are two of the most important things in our sector. We are disappointed that trust in our sector has declined and are focused on engaging with all our stakeholders to build back their trust in us. We strive to uphold the highest levels of corporate governance, demonstrating transparency in our reporting in a way that is meaningful for our stakeholders so they can hold us to account.

We know how important it is to our customers and wider stakeholders that our reporting contains reliable data and information. To give confidence that our publications have been well prepared and are consistent with our robust internal processes we are open and transparent about the processes we follow for our reporting. This section provides oversight of our assurance framework and compliance processes in relation to our APR. Our robust frameworks and internal controls support the Board to make a number of signed statements within this report including our Board's Data and Information Completeness and Accuracy Statement and Risk and Compliance Statement, these can be found along with the Company Performance and Direction Statement in the Board Statements section.

OUR ASSURANCE FRAMEWORK

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, senior leaders and Directors are responsible and accountable for delivering high quality data through robust processes and methodologies.

Our established framework is underpinned by four main principles that 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.

1. Robust Assurance – we operate a three lines of assurance model, targeted at areas of greatest risk.

2. Ownership and Accountability – we have clear lines of ownership for both the delivery of performance, and the accuracy of the data provided.

3. Effective Governance – provided by our Board, the Severn Trent Plc Audit and Risk Committee (the membership of which comprises Non-Executive Directors only), the Severn Trent Plc Disclosure Committee and Executive Committee.

4. Transparency and Public Accountability – we publicly report on our performance and hold ourselves to account where we do not meet our commitments.

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 full three lines of assurance while other areas, that are lower-risk, are targeted with first or second line assurance only. This approach ensures we can continually reassess our assurance activity as risk is reduced in areas where mature and stable processes exist, and increased where new risks are emerging, resulting in a proportionate and appropriate assurance. Our three lines of assurance is explained in greater detail in our assurance approach in Appendix A.

Internal Audit

Internal Audit is an independent assurance function available to the Board, Severn Trent Plc Audit and Risk Committee and all levels of management, and is a key element of the our corporate Governance Framework. Support is provided by our co-sourcing partners: EY, BDO and KPMG. Arrangements are reviewed annually and we believe this structure adds value, through greater access to specific areas of expertise, increased ability to flex resources, and the ability to challenge management independently. Co-source specialists continue to bring expertise to support the team and delivery of the audit plan where relevant.

The role of Internal Audit is to provide independent and objective assurance that the Company's risk management and internal control systems are well designed and operate effectively ensuring that any corrective action is taken in a timely manner.

A three-year strategic audit planning approach is applied, from which Internal Audit develops an annual risk-based audit plan; this facilitates an efficient deployment of resource in providing assurance coverage over time across the whole business.

The Severn Trent Plc Audit and Risk Committee's role is to review and challenge the audit plan, specifically where the key risk areas identified as part of our Enterprise Risk Management ('ERM') process are being audited with appropriate frequency and depth. Individual Committee members also bring an external view of risks the Company may be exposed to. Once approved by the Severn Trent Plc Audit and Risk Committee, regular reporting enables the Committee to monitor delivery of the audit plan and ensure that Internal Audit performs its work in accordance with the mandatory aspects of the Global Internal Audit Standards of the Chartered Institute of Internal Auditors (the 'CIIA'), with integrity (honestly, diligently and responsibly) and objectively (without conflicts of interest).

Each year, Internal Audit develops an annual risk-based audit plan for approval by the Severn Trent Plc Audit and Risk Committee; this is supported by regular reporting that enables it to monitor delivery of the audit plan. Following the completion of each planned audit, Internal Audit seeks feedback from management and reports to the Severn Trent Plc Audit and Risk Committee on the findings of the audit, including any action that may be required. Where any failings or weaknesses are identified during the review of internal control systems, management puts in place robust plans to address these on a timely basis, 'No material weaknesses were identified during 2024/25'. Action closure is reported to and monitored by the Severn Trent Plc Audit and Risk Committee, in order to demonstrate that management places a strong focus on closing audit actions and ensuring timely completion.

An internal control system can provide reasonable but not absolute assurance against material misstatement or loss, as it is designed to manage rather than eliminate the risk of failure to achieve business objectives. To ensure continued efficiency, we undertake an annual review of the effectiveness of the Internal Audit function in line with the CIIA Internal Audit Code of Practice and the FRC Guidance on audit committees. The CIIA guidance states that audit committees should obtain an independent and objective external quality assessment at least every five years.

The last external review of the effectiveness of the Internal Audit function was undertaken in December 2021, and the next external effectiveness review is therefore planned for no later than December 2026. The review was carried out by BDO, which concluded that the Internal Audit function remained fit for purpose, was operating efficiently and effectively, and in line with good practice. BDO's findings also highlighted clear evidence that the Internal Audit function operated with strategic alignment, a focus on risk and an emphasis on quality and continuous improvement, all underpinned by objectivity and integrity. The minor areas of improvement raised by BDO have been incorporated into an action plan which was shared and agreed with the Chair of the Severn Trent Plc Audit and Risk Committee.

Taking all these elements into account, the Severn Trent Plc Audit and Risk Committee concluded that the Internal Audit function was an effective provider of assurance over the Company's risks and controls, and appropriate resources were available as required.

Internal Audit has the highest level of independence within the Company and also provides third line assurance (in addition to our external assurance providers) for a number of our regulatory submissions, including our ARA and APR. This is explained in greater detail in our APR assurance approach at Appendix A.

OWNERSHIP AND ACCOUNTABILITY

We have clear lines of ownership for both the delivery of performance, and the accuracy of the data provided. 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.

Performance reporting

Our Board understands that performance matters – to us, to our customers, and to our wider stakeholders. Our Board is fully engaged in monitoring and assessing our performance and providing challenge through our established governance arrangements.

Performance is reported to and reviewed weekly by the Executive Committee and at every Severn Trent Plc Board meeting. A non-exhaustive lists of matters considered includes: Operational performance – with a focus on customer impacts and customer experience, C-MeX, ODIs, storm overflows, EPA measures, FFT compliance and WINEP delivery. The Board receives updates on the Company's performance, including performance against key targets and performance commitments, customer experience, environmental matters and health and safety, with at least half of every Board agenda being dedicated to performance oversight – with a focus on customer impacts and experience. The Board also receives updates on financial performance and detailed deep dives at each meeting that relate to areas of strategic importance. Read more in the 'Our Approach to Board Leadership, Transparency and Governance' section.

Compliance processes

As a regulated company we are subject to statutory and regulatory duties and obligations, primarily set out through the Water Industry Act 1991 and our Instrument of Appointment (the 'Licence').

Our Licence also requires us to perform duties imposed under other statutory and regulatory obligations as necessary to fully discharge our duties as a water and wastewater undertaker. Our approach to achieving compliance with these obligations is based on our established and robust governance and systems of internal controls. We set ourselves high standards, though it is important to understand that such systems cannot provide absolute guarantees.

Our Licence to Operate process is an internal control system and a key part of our Governance Framework designed to ensure compliance against all of our regulatory obligations and duties. We monitor over 150 obligations underpinned by over 2,500 reporting lines. Each duty and obligation within our Licence to Operate is mapped to a business area in our assurance map, to provide oversight of the compliance risk score. Responsible managers and senior leaders are required 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 against another. Our highest areas of risk receive targeted focus in our assurance plan. We have additional focus on assurance, where we have noted exceptions (as disclosed in the Improving Clarity and Transparency section).

Our Compliance Team oversees the Framework and ensure that managers across the Company are aware of their statutory and regulatory duties. Training and support workshops are provided to new duty owners to ensure that their processes and requirements are understood, as well as providing refresher training for existing duty owners. This ensures all duty owners are equipped with the right skills and knowledge to complete their annual self-assessments confidently and accurately. The Compliance Team undertakes additional checks following completion, with a random sampling technique to test and challenge duty owners to ensure a consistent approach to completion of the self-assessment is undertaken.

Each duty and obligation is assigned to a responsible manager, a senior leader and a Director. The senior leaders are responsible for the development, implementation and testing of controls to ensure compliance in areas such as policy and standards, procedures, training and management information, in addition to completing regular reviews of these controls. As part of the annual self-certification, we receive a declaration from each responsible manager, senior leader and Director to confirm compliance, or to inform us of any non-compliance (referred to as an exception).

Our Compliance Team assesses and spot-checks declarations for consistency and accuracy and works collaboratively with the Company to ascertain the level of materiality of any non-compliances. Our Licence to Operate framework helps to inform the Board of any exceptions from our statutory and regulatory obligations ahead of the Board making the annual Risk and Compliance Statement. The exceptions are set out in the Improving Clarity and Transparency section.

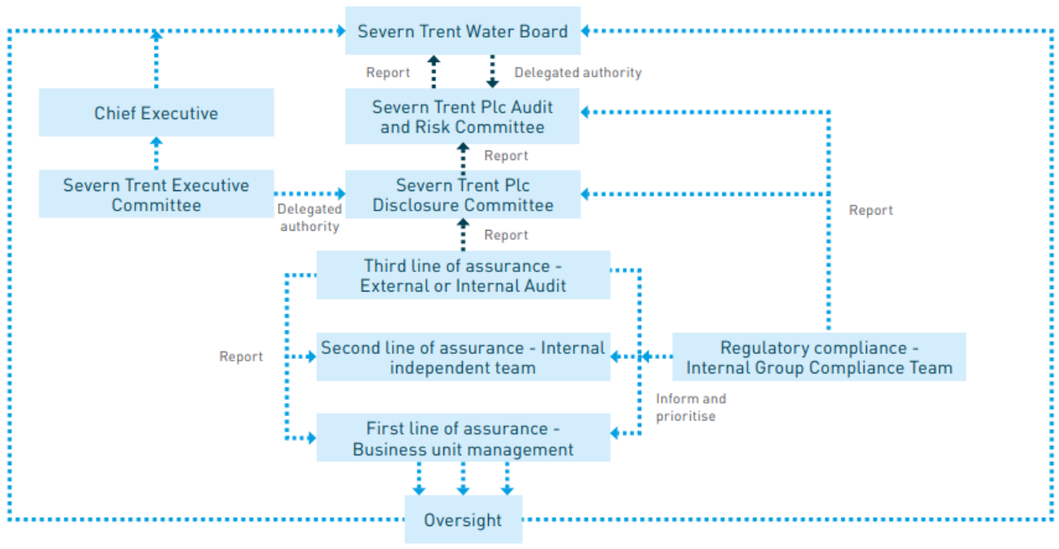
EFFECTIVE GOVERNANCE

The Board is supported by its Governance Framework, which is described in detail in the Our Approach to Board Leadership, Transparency and Governance section of this report. The Board delegates certain roles and responsibilities to its various Committees.

There is a high level of interconnectivity between our Governance Framework and well-established and robust assurance and performance reporting framework throughout our organisation, which provides confidence in the information and data we report in our ARA and APR.

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. The effectiveness of the controls over reporting are monitored by the Severn Trent Plc Audit and Risk Committee, which receives regular reports of the assurance conducted by the external auditors.

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 ('CFO').



TRANSPARENCY AND PUBLIC ACCOUNTABILITY

As a public service provider, it is important that we uphold the highest levels of corporate governance and demonstrate transparency in our reporting in a way that is meaningful for all of our stakeholders so they can hold us to account.

We evolve and update our reporting to make sure that it not only complies with our regulatory obligations but also responds to customer and wider stakeholder feedback. We outline our performance each year within our APR and hold ourselves to account where we do not meet our commitments, supported by robust oversight and constructive challenge by our Board. We also make sure we provide information about areas where we have not performed as well as we would like to, providing insight into how we are planning to improve, and also report transparently on areas that our customers and wider stakeholders tell us are important to them and enhancing our reporting to meet their expectations.

We publish our APR so that everyone can see how we have performed and how we have performed against other companies with our sector. This relies on us making sure that we provide accurate, honest and objective information.

In addition to our APR, we publish additional information to ensure our Group structure is transparent and clear for our customers. This structure, which shows how the companies including Severn Trent Water, Hafren Dyfrdwy and other associated companies are connected under the Severn Trent Group umbrella, can be found on our website.

BOARD STATEMENTS

Risk and Compliance Statement

Statement from non-financial assurer Jacobs

Accuracy and Completeness of Data and Information Statement

Company Performance and Direction Statement

BOARD STATEMENTS

RISK AND COMPLIANCE STATEMENT

Having taken into consideration the information contained within the sections titled 'Our approach to Board Leadership, Transparency and Governance' and 'Improving Clarity and Transparency' the Board approves the Annual Performance Report ('APR'), the associated APR data tables, and the noted exceptions. The Board confirms that:

- We have a full understanding of, and we meet all of our relevant statutory, licence and regulatory obligations in all material respects (except where indicated opposite).
- We have taken appropriate steps to understand and meet customer expectations.
- We have sufficient processes and internal systems of control to fully meet our obligations.
- We have appropriate systems and processes in place to identify, manage, mitigate and review our risks.
- We meet the Ofwat objectives on board leadership, transparency and governance and ensure that we explain clearly how we meet those objectives.
- We have reviewed our governance arrangements to ensure we conduct the regulated company as if it were a public limited company separate from any other business.

Signed for and on behalf of the Board on 9 July 2025.

Liv Garfield

Chief Executive

Severn Trent Water Limited

Christine Hodgson

Chair

Severn Trent Water Limited

Sarah Legg

Chair

Severn Trent Plc Audit and Risk Committee

EXCEPTIONS FROM THE STATEMENT

There are two exception areas for inclusion in this year's Risk and Compliance Statement. The two areas identified relate to Leakage and Properties and Volumes.

Details are presented in the 'Improving Clarity and Transparency' section of our APR – we have chosen to include these to ensure the highest levels of transparency. All exceptions regardless of materiality, are reviewed and scrutinised by our Executive Committee before being endorsed by our Board prior to publication – ensuring that all levels of the business are made aware of any significant risks or issues.

OBSERVATIONS FROM THE STATEMENT

There is one area where we are stating an observation. Observations are not exceptions, however we have elected to include this to ensure the highest levels of transparency for all of our stakeholders.

Observations
In late 2021, Ofwat and the Environment Agency each issued their own investigations into the wastewater industry to investigate compliance with Flow to Full Treatment ('FFT'). We have continued to engage with both regulators to support their respective investigation. We are fully committed at every level of the organisation – from the frontline to the boardroom – to making a positive impact on the environment and the communities we serve, and recognise that, as a sector, there is more that we should do to help. We believe that river health is essential not only to the communities we serve, but also to our ability to provide vital water on tap. Delivering the industry's fastest and most ambitious spills reduction programme, as we aim to halve spills by 2030 and strive towards global best practice, accelerating the improvement of river health. By Autumn 2025, we will have completed more than 2,100 enhancements. We also launched our Storm Overflow Map on our website in April 2024 www.stwater.co.uk/in-my-area/storm-overflow-map/, this map was updated in January 2025 to include details of progress against our Storm Overflow Action Plan investment.

STATEMENT FROM NON-FINANCIAL ASSURER JACOBS

Jacobs

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Reinventing tomorrow.

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30 June 2025

Attn: FAO Severn Trent Water Limited Board

Project name: 2024-25 Assurance Services
Project no: B2347103

Subject: Independent Technical Assurance Statement

Jacobs has been appointed by Severn Trent Water (SVE) to provide independent technical assurance of the data that feeds into their regulatory submissions. For the Annual Performance Report 2025 (APR25) submission we were asked to review the 2024-25 SVE performance commitments (APR25 section 3 and additional reporting requirements) and non-financial data (within APR25 section 2-8 and section 10-11) using a risk- and sample-based approach.

We conducted our limited assurance in accordance with the International Standard on Assurance Engagements (UK) 3000 Assurance Engagements other than Audits or Reviews of Historical Financial Information ("ISAE (UK) 3000 revised"). The Standard requires that we obtain sufficient, appropriate evidence on which to base our conclusion.

Through a series of assurance audits and information exchanges, we have reviewed and tested the methodologies and processes on which the relevant statements in the APR25 are based and we have considered the material accuracy of the performance data presented. Our findings have been discussed with management and were presented to the Disclosure Committee on the 23rd June 2025.

On the basis of our audit work, we are satisfied that the information we reviewed, which supports and is included within the APR25, has been assembled using appropriate methodologies and processes and that the data provides a reliable representation of Company performance. There is good evidence of engagement from the teams involved in producing the performance data, and of governance and programme management.

We have completed assurance for all of the company's Performance Commitments. Our audit found the Performance Commitment reporting is in line with the guidance and that exclusions have been correctly applied.

For the **G02 Leakage and G03 Per Capita Consumption (PCC)** - The company has made significant improvements to the water balance over AMP7 and has closed the water balance gap to less than 4 Ml/d (0.2% of distribution input) for APR25. In the RAG compliance checklists, all components and elements were confirmed as green for both measures.

For **G12 Increasing supply capacity** – For the Peckforton scheme (one of the three schemes that comprise the measure), the company had previously referred to two separate deliverables at the site (the AMP7 Performance Commitment and a DWI Commitment for arsenic treatment).

Up to Year 4 of AMP7, the company planned to deliver the two components at the same time. However, during the final phases of the project, the company determined that the arsenic treatment plant would not be needed immediately due to bringing an additional borehole into supply. The company therefore focused on delivering the assets to secure the deployable output associated with the Performance Commitment.

We consider that the scheme was functionally completed and successfully commissioned by the required date of 31st March 2025. On the basis that the Performance Commitment does not specify the assets required to deliver the outcome, we consider that there is a low to medium reporting risk (as determined in our scoring framework).

For the **Green Recovery scheme "Decarbonising Water Resources" Church Wilne (Table 10E Line 24)** - Our audit confirmed the company has achieved a 92.3% project completion rate for APR25 against a literal interpretation of the Final Determination wording, based on the final stages of commissioning to enable water into supply to be completed. We understand that the company will report a 100% project completion rate against the scope of this project which was set out in the 2021 Green Recovery Final Determination (FD). This decision has been taken so that the Green Recovery true-up model does not penalise the company for

Jacobs

delivering additional scope over a longer timeframe due to additional PFAS requirements that arose after the FD.

The company has informed us that the change in scope was driven by the updated PFAS guidance from the DWI in July 2022 which identified a Tier 3 wholesomeness breach in August 2022. This created additional scope which required a different water source to be supplied to the Witches Oak water treatment works and additional trials to determine the modification to the treatment process required to remove the PFAS. We understand that the company shared regular updates on the PFAS issues and the pilot trials including site visits by the DWI, EA and Ofwat.

We consider there is a medium to high reporting risk that this interpretation could be deemed as outside of the guidance. We understand that the company will be providing detailed commentary in support of its position.

For **A02 Reducing residential gap sites** - We reviewed the company's processes at APR24 and considered the company had rigorous processes that are correctly implemented to identify and bill new properties. The company confirmed that there have been no changes to these processes since our review and our sample checks did not identify any issues with this process for APR25.

For the **Accelerated infrastructure delivery project, Scheme 1 (Smart metering (Advanced Metering Infrastructure or AMI))** - We did not identify any material issues through our assurance. We confirmed that for components 7 (AMI for Automated Meter Reading (AMR) replacements) and 8 (AMI for basic replacements), the company has over-delivered on the scheme commitments in 2024-25 (116.1% and 118.5% respectively). The company is reporting 26.7% completion for component 6 (new AMI smart meters installed). This assurance was completed on a basis consistent with the current requirements under the Ofwat Duty of Care. We note that the precise Ofwat enhanced assurance requirements have not yet been finalised.

For the **Accelerated infrastructure delivery project, Scheme 2 (Draycote Raise)** – We did not identify any material issues through our assurance. Our audit confirmed that the company has not met the Ofwat target of 100% of the feasibility and detailed design work and 42% of construction this year. The company has made good progress in delivering the detailed design for the reservoir enlargement and construction is planned to start in July 2025. The delays are due to an increase in scope due to the direct and indirect consequences of raising the storage level which impact the target percentage for both detailed design and construction. The company is expecting 100% of the detailed design work to be completed by January 2026 and 100% of the construction work to be completed by May 2026. This assurance was completed on a basis consistent with the current requirements under the Ofwat Duty of Care. We note that the precise Ofwat assurance requirements have not yet been finalised.

For **PR19 blind year reconciliation**, we checked the company's blind year reconciliation models and did not find any material issues or misstatement. We consider the company has updated the models in accordance with the Ofwat guidance and the data sources are appropriate.

We note that the Board intends to include observations we noted during our review, for examples as clarifications or "exceptions" in the APR submission.

Yours sincerely,

Jon Clyne
Senior Director, Infrastructure Regulatory Economics

ACCURACY AND COMPLETENESS OF DATA AND INFORMATION STATEMENT

Transparency is one of the most important things in our sector and we are focused on delivering for all of our stakeholders, particularly our customers, upholding the highest levels of corporate governance and demonstrating transparency in our reporting so our stakeholders can hold us to account.

We want our customers to have confidence in what they get from us – be that the quality of water they drink from their taps, or the information we publish.

The data in our publications provides transparent insight into our performance, our performance compared to other companies in the sector and provides critical information to direct and drive future improvements across the sector.

Trust takes time to build so it is important that the data we disclose across all of our publications, including this APR, provides transparent insight into our performance. This relies on us making sure that we provide accurate, honest and objective information, supported by our established, rigorous and robust assurance and performance reporting framework to support the Board when approving the publication of data and information contained within regulatory documents. The assurance approach builds on best practice from external organisations. It ensures that managers, senior leaders and Directors are responsible and accountable for delivering high-quality data through robust processes and methodology.

BOARD ASSURANCE APPROACH

Robust Assurance

We operate an established and robust three lines of assurance model, which is explained in greater detail in our APR assurance approach in the Regulatory Reporting section and at Appendix A. Using a risk-based approach we provide an effective programme of assurance which ensures we can continually reassess our assurance activity as risk changes or new risks emerge. Data and information are approved by data owners, senior leaders and Directors. Following which, the Severn Trent Plc Audit and Risk Committee applies scrutiny and challenge ahead of Board approval and subsequent publication.

Effective Governance

Severn Trent Water is the principal operating subsidiary of the FTSE100 company Severn Trent Plc. However, as a distinct regulated entity within the Group, the Severn Trent Water Limited Board operates as such, with its own, tailored Governance Framework and Schedule of Matters Reserved to its Board. The matters reserved to the Board document outlines the Board's responsibility for all aspects of the Company's business, including specific matters outlined within its Instrument of Appointment.

The Board has full responsibility for all aspects of the Company's business, including the freedom to set, and accountability for, all aspects of the Company's strategy to support performance delivery for customers and the environment. To support the Board in discharging its duties, it delegates certain roles and responsibilities to its various Committees.

The Committees assist the Board by fulfilling their roles and responsibilities and by: 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 Terms of Reference. The Governance Framework is also subject to periodic review to ensure that it remains appropriate. The Governance Framework is explained in greater detail in the Our Approach to Board Leadership, Transparency and Governance section.

In addition to the dedicated governance arrangements described in this report, as a subsidiary of a FTSE100 listed company, the Company has chosen to apply the highest standard of corporate governance in line with the principles of the 2018 UK Corporate Governance Code (the '2018 Code'). The **Severn Trent Water Limited Annual Report and Accounts 2024/25** outlines the way in which the Company has voluntarily applied the principles of the 2018 Code during the year.

ASSURANCE APPROACH TAKEN

There is a high level of interconnectivity between our Governance Framework and well-established and robust assurance and performance reporting framework throughout our organisation, to provide confidence in the information and data we report externally. The assurance processes we use build on sector-wide best practice and ensure that managers, senior managers and Directors are responsible for delivering high-quality data. Our Assurance Plan for this financial year, builds on the high standard processes we have developed and implemented in previous years to provide accurate data.

Our assurance plan aligns to our AMP7 commitments and provides details of the structure and types of assurance applied. This includes Internal Audit and external assurance providers, aggregated Licence to Operate and Enterprise Risk Management ('ERM') risks recorded, outputs of the effectiveness of assurance undertaken, and the findings of the assurance undertaken.

The Board received a tailored presentation of the AMP7 assurance map in May 2025 and the regulatory forward plan and proof-point process that provides assurance to the Board and Audit and Risk Committee that an appropriate level of assurance activity has been undertaken, and findings discussed with the Board.

Throughout this activity, we ensure that the highest standards of governance, in line with our regulatory framework, as well as best practice for audit committees, are maintained. A 12-month forward view of the regulatory forward plan and proof-point process is provided at every Audit and Risk Committee meeting and the Audit and Risk Committee is updated every six months. The Audit and Risk Committee ensures that regular updates are provided to the Board under their Terms of Reference. Ongoing progress updates relating to a variety of submissions, are provided at Board level through Director reports.

New submissions and Board requirements, or amendments to the assurance process, are reviewed, discussed, and approved in advance of submissions.

As an example, this year we were required to submit a Board Statement to accompany the final Water Resources Management Plan ('WRMP'). This submission will be owned at an individual Director level, with the Executive Committee, Audit and Risk Committee and Board all being engaged throughout the process. This enables them to test and challenge the progress, including risks, mitigations, the assurance approach and the Board Statements themselves, including the proof point process.

The Board regularly reviews the Company's assurance approach and takes action to ensure exceptions and weaknesses in the assurance approaches have been addressed and is satisfied that the approaches have appropriately identified and addressed any risks to the provision of accurate and complete data and information in particular areas.

We are confident the assurance map supports the identification of potential weaknesses using a holistic view of assurance activities and RAG status, and all areas at a minimum of satisfactory rating are targeted for improvement.

Our established risk based assurance framework shapes our assurance plan and ensure that weaknesses in assurance approaches are improved. 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. We also make sure that regulator feedback is incorporated, and we welcome feedback from stakeholders following publication on our website.

We explain in detail our assurance and governance frameworks and link outputs of the assessments to the planned assurance activities and approach for the financial year ahead. The assurance plan is grouped into two areas, core assurance activities and focus assurance activities, which are updated and reflect current risk and/or areas of importance in reporting.

CONSIDERATIONS OF THE BOARD

The Board considers that the Company has applied the governance and assurance frameworks described both in this APR and the **Severn Trent Water Limited Annual Report and Accounts 2024/25**. Following reasonable and relevant enquiries, it is believed the processes and internal controls have been applied in a manner which has enabled it to satisfy itself, to the extent that it is able to do so from the information available, that the data and information provided to Ofwat in the reporting year and information published in our role as a water and wastewater undertaker is accurate and complete, except where indicated.

Signed for and on behalf of the Board on 9 July 2025.

Liv Garfield

Chief Executive

Severn Trent Water Limited

Christine Hodgson

Chair

Severn Trent Water Limited

Sarah Legg

Chair

Severn Trent Plc Audit and Risk Committee

COMPANY PERFORMANCE AND DIRECTION STATEMENT

This Statement explains how the Board sets the aspirations of the Company and how we monitor our performance and make decisions for all those we serve. It explains how customers' and stakeholders' views have formed an integral part of setting these aspirations, ensuring we continue to deliver for all of our stakeholders.

OUR ASPIRATIONS

Our aspirations are guided by our purpose – 'taking care of one of life's essentials' – which forms the foundation on which we can build meaningful and long-standing relationships with our stakeholders. Our values – 'having courage', 'embracing curiosity', 'showing care' and 'taking pride' – underpin our purpose and reflect the deep connection that we have with our customers and communities. Aligned with our purpose, delivery of our strategy to be 'performance driven, sustainability led', supported by the interconnectivity of our Governance Framework, robust assurance processes and performance reporting framework throughout our organisation, ensures that we can oversee delivery of our aspirations for our customers and the communities we serve.

Our Business Plan for 2025-30 was awarded 'outstanding' status by Ofwat – in recognition of both its quality and the scale of our ambition. It explains the progress we will make over the next five years towards the 2050 aims we set out in our accompanying Long-term Delivery Strategy ('LTDS'). It shows we want to play a leading role in restoring our sector's credibility today, whilst also making significant investment for sustainable change for future generations.

Our AMP8 Final Determination totex allowance of £14.9 billion is around twice as much as was approved for AMP7, £6.4 billion of which is dedicated to service and environmental enhancements. We will deliver benefits for our customers and communities, and the environment, underpinned by a £575 million affordability package and Societal Strategy to improve the prospects of those living in the region we serve. To support the investment business cases, the Severn Trent Plc Board undertook a £1 billion equity raise during 2023, enabling the acceleration of over £450 million of AMP8 investment.

In line with over 68,000 customer views that we sought as part of our Business Plan's development, our investment will deliver benefits for our customers and communities, and the environment. It will deliver improvements on the measures that our customers care about most, including a 14.8% reduction in leakage and a significant reduction in spills from storm overflows, putting us firmly on track to deliver the Government's 2050 targets at least five years early. We will also build on our industry-leading environmental performance, as demonstrated by securing 4* EPA status for five consecutive years, by driving a further 30% reduction in pollutions. We will invest £6.4 billion across 11 enhancement cases, as follows:

- Transforming the natural environment (Water Industry National Environment Programme ('WINEP')).
- Protecting raw water quality.
- Meeting future water needs.
- Our journey to net zero – reducing process emissions.
- Alternative water supplies.
- Physical security.
- Enhancing cyber security.
- Reservoir safety.

- Water resilience.
- Urban catchments of the future.
- Reducing lead pipes.

Our LTDS, which was developed alongside our Business Plan, brings together every aspect of our planning over 25 years and uses Ofwat's adaptive planning approach to create the best long-term strategy for our customers and our region. Our approach ensures we have strategic flexibility built in to adapt to changing circumstances. This gives us confidence that we are making the right choices for investment in our Business Plan.

Our **Strategic Direction Statement** sets out our long-term priorities based on our view of future trends and the areas of importance to our customers, regulators, investors, employees and wider society.

Notwithstanding these aspirations, our sector has been subject to heightened public interest and we must, as a whole sector, respond to this by stepping up to the challenge that this brings to rebuild trust and meet the expectations of our customers and wider stakeholders, both now and for the long term, particularly on issues such as storm overflows. We have responded to our customer and wider stakeholders' expectations and, to ensure we make demonstrable progress on this issue, at the pace our stakeholders expect, we announced our Storm Overflow Improvement Plan in May 2024, which will invest £1.1 billion between 2025 and 2030, and £4.4 billion up to 2050, to meet targets at least five years earlier than the date set by Government.

Read more:

Our Strategy	Page 5
Get River Positive	Pages 11 - 12

HOW WE MONITOR OUR PERFORMANCE

Our performance driven culture, supported by the interconnectivity of our Governance Framework, robust assurance processes and performance reporting framework embedded throughout our organisation, ensures that we can oversee delivery of our aspirations for our customers and the communities we serve.

To discharge its performance oversight duties effectively, at least half of the Board's agenda is dedicated to performance oversight, including dedicated reports from the CEO, CFO, Customer Operations Director, Director of Capital and Commercial Services and Director of Customer Solutions at every Board meeting. This dedicated 'Performance Review' section on the agenda ensures that the Board is effective in discharging its oversight of the Company's performance for customers and the environment and is able to constructively challenge on areas of focus where necessary.

This activity is supported by deep dive reports into areas of particular performance-related importance, to evaluate progress, provide insight and, where necessary, hold management to account and decide on appropriate action. Examples during the year include: C-MeX, Licence Condition G, AMP8 deliverability and the Pollution Incident Reduction Plan.

A detailed disclosure outlining the way in which the Board oversee the Company's performance and holds management to account can be found in the Dividends section. A detailed update on the Company's operational and environmental performance commitments and ODIs can be found in the Performance Summary section.

ENSURING ACCOUNTABILITY

The Board has full responsibility for all aspects of the Company's business, including oversight of the Company's performance delivery for customers and the environment. It is essential we maintain the trust and confidence of our customers. That means running our business in a responsible and transparent way so customers and stakeholders can see that we act in their interest and hold management to account where necessary to drive further improvements.

An example of how the Board's accountability oversight operated during the year is set out below:

The Company's Remuneration Policy is designed to attract, retain and motivate its leaders and to ensure they are focused on delivering business priorities within a framework which promotes the long-term success of Severn Trent, aligned with the interests of customers, shareholders, the environment and communities. The Company is committed to a transparent remuneration framework which embeds our values across the Company, and which ensures that our executive remuneration arrangements can be clearly articulated and justified to internal and external stakeholders.

The Remuneration Committee applied particular focus to performance-related executive remuneration during the year, including a thorough examination of our performance in the round and over time, evaluating important aspects of our operations such as service delivery for customers, environmental impact, financial resilience, and the benefits we create for the communities within our region. Detailed information is presented in a dedicated Executive Remuneration section.

Following the Remuneration Committee's assessment of performance in the round for 2024/25, it determined that the formulaic outcomes of both the 2022 LTIP and the 2024/25 annual bonus were appropriate, justifiable and explainable, and that the Remuneration Policy had operated as intended.

Read more:

Executive Remuneration	Pages 68 - 73

Signed for and on behalf of the Board on 9 July 2025.

Liv Garfield

Chief Executive

Severn Trent Water Limited

REGULATORY STATEMENTS

REGULATORY STATEMENTS

The following section contains the statements required by the terms of our licence conditions and the statutory requirements set out in the Water Industry Act 1991 and where required is endorsed and signed by the Board. See also our Board's Risk and Compliance Statement in the Board Statements section.

DISCLOSURES REQUIRED BY RAG 3

A. LINK BETWEEN DIRECTORS' PAY AND STANDARDS OF PERFORMANCE

Our Remuneration Policy is aligned to our purpose, strategy and values thereby incentivising great customer service and the creation of long-term value for all our stakeholders.

The Board applied particular focus to the performance related executive remuneration during the year, in consideration of our performance in the round and over time, service delivery for customers and for the environment, the Company's long-term investment needs and financial resilience. Detailed information is presented in the dedicated Executive Remuneration section.

B. DISCLOSURE OF INFORMATION TO AUDITOR

The Companies Act 2006 requires Directors to make a statement in the Company's Annual Report and Accounts regarding the provision of information to the auditor. RAG 3.15 requires an equivalent statement to also be made in the APR. This statement is set out below.

So far as each of the Directors are aware, there is no relevant audit information of which the Company's auditor is unaware; and each of the Directors has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

C. GOVERNANCE POLICY

As a distinct regulated entity within the Group, the Severn Trent Water Limited Board operates as such, with its own, tailored governance arrangements and schedule of matters reserved to its Board.

Detailed information on the governance arrangements in place for Severn Trent Water Limited can be found in the Our Approach to Board Leadership, Transparency and Governance section. Application of our AMP7 Dividend Policy in 2024/25 is presented in the Dividends section.

D. OUR AMP7 DIVIDEND POLICY

The Company's dividend policy, approved by the Board in January 2020, is based on our belief that, in order to deliver successful outcomes, all stakeholders should share in the Company's success, in particular:

- customers benefiting from good value and additional investment to deliver better services;
- enhancing the environment in which we operate;
- employees being fairly rewarded for their hard work including through appropriate incentive-based bonuses;
- investors earning a reasonable return on more than £4 billion of equity they have invested in the business; and
- maintaining appropriate gearing and delivering strong financial resilience.

The Board applied particular focus to the proposed dividend during the year, in consideration of our performance in the round and over time, service delivery for customers and for the environment, the Company's long-term investment needs and financial resilience. Detailed information on application of our AMP7 dividend policy in 2024/25 is presented in the Dividends section.

E. LONG TERM VIABILITY STATEMENT

The Directors' full assessment of financial viability can be found in the **Severn Trent Water Limited Annual Report and Accounts 2024/25**.

The Directors have assessed the viability of the Company over a seven-year period to March 2032, taking into account the Company's current position and principal risks. Based on that assessment, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period to 31 March 2032.

F. STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for the preparation of the APR and for its fair presentation in accordance with the basis of preparation and accounting policies. Further to the requirements of Company law, the Directors are required to prepare financial statements which comply with the requirements of Condition F of the Instrument of Appointment of the Company as a water and sewerage undertaker under the Water Industry Act 1991 and Regulatory Accounting Guidelines issued by the Water Services Regulation Authority. This additionally requires the Directors to:

- confirm that, in their opinion, the Company has sufficient financial and management resources for the next 12 months;
- confirm that, in their opinion, the Company has sufficient rights and assets which would enable a special administrator to manage the affairs, business and property of the Company;
- report to the Water Services Regulation Authority changes in the Company's activities which may be material in relation to the Company's ability to finance its regulated activities;
- undertake transactions entered into by the appointed business, with or for the benefit of associated companies or other businesses or activities of the appointed business, at arm's length; and
- keep proper accounting records which comply with Condition F and the Regulatory Accounting Guidelines.

G. TAX STRATEGY FOR THE APPOINTED BUSINESS

We are committed to managing our tax affairs in a responsible manner. This means paying the right amount of tax at the right time in compliance with UK tax rules and acting in accordance with the values set out in our corporate responsibility framework.

References to 'tax' include taxes that we incur (corporation tax, business rates, employer's NIC, VAT and various environmental taxes) as well as taxes that we administer and collect on HMRC's behalf (PAYE and employee's NIC).

Our approach to tax

Our approach to tax is overseen by the Board and is governed by the following key principles:

- we will manage our tax affairs responsibly, recognising the interests of all of our stakeholders;
- we will not undertake aggressive tax planning or any planning that is not aligned with the economic and commercial activities of our business;

- we will make use of widely claimed incentives offered by Government to encourage investment; and
- we will maintain an open, transparent and collaborative relationship with HMRC consistent with maintaining our good working relationship.

The effective management of our tax affairs is in the best interests of customers as it helps to keep our bills as low as possible as the taxes we pay are included in the calculation of customers' bills.

Tax governance

Responsibility for tax governance sits with the Chief Financial Officer, with oversight from the Board and Severn Trent Plc Audit and Risk Committee and day-to-day support from a team of qualified in-house tax professionals.

In accordance with Group risk management procedures, tax risks are recorded and monitored throughout the year. If a material uncertainty is identified, external advice may be sought to ensure that our interpretation of the relevant UK tax rules is appropriate. We may also seek to resolve an uncertain tax position directly with HMRC before a tax return is filed, in accordance with HMRC's framework for co-operative compliance.

Any significant tax risk is reported to, and overseen by the Severn Trent Plc Audit and Risk Committee, which also receives tax status updates as part of the interim and year end financial reporting programmes.

Relationship with HMRC

In maintaining a good working relationship with HMRC, we seek to ensure that HMRC is kept up to date with business developments, including any commercial transactions with potentially significant tax implications.

Where queries or misunderstandings arise, these are managed on the basis of full disclosure and we will seek to work with HMRC to bring any items to resolution.

Tax transparency

We are supportive of measures aimed at enhancing tax transparency and are committed to providing regular information on our tax affairs in a clear and straightforward way that enhances our stakeholders' understanding and provides confidence that we are paying our fair share of tax.

Non-UK operations

We seek to declare profits in the country where the economic substance arises. Substantially all of the Group's revenues and profits are generated in the UK and are subject to UK tax. Details of the Group's overseas subsidiaries at 31 March 2025 are set out below:

- Lyra Insurance Guernsey Limited is a wholly owned subsidiary company incorporated in Guernsey. It was established to provide insurance services to the Group. The company is subject to the UK Controlled Foreign Company (CFC) rules and therefore the Group incurs tax at the UK Corporation Tax rate on its profits. The presence there does not lead to a tax advantage.
- Athena Holdings Limited was set up during 2019 to diversify risk in the context of investment planning. It is a wholly owned company incorporated in Hong Kong and tax resident in the UK. It has no impact on the Group's overall tax position and does not lead to a tax advantage.

We do not use low tax jurisdictions to artificially manage the amount or timing of our tax liabilities. All of the Group's overseas subsidiaries are established for commercial purposes and details of these subsidiaries are briefly set out above and in detail in our annual tax report, which is published on our website www.severntrent.com.

Scope

The Severn Trent Group has a single tax strategy relating to both the appointed and non-appointed businesses. This tax strategy covers the year ended 31 March 2025 and applies to Severn Trent Plc and its UK subsidiary undertakings. It is published in accordance with the requirements at Paragraph 16 (2) of Schedule 19 of the Finance Act 2016.

Fair Tax Mark

We are delighted to have been awarded the Fair Tax Mark for the sixth year running. This much sought-after recognition demonstrates we are a company that is committed to managing our tax affairs responsibly and supporting measures aimed at tax transparency.

RING FENCING CERTIFICATE

LICENCE CONDITION P

Licence Condition P (ring fencing) requires the Company, at all times, to ensure that if a special administrator were appointed to manage the regulated activities, that administrator would have sufficient control over the regulated business and assets to be able to do so. In addition to the statement set out above under Licence Condition F and the Regulatory Accounting Guidelines, the Company is required to confirm that it is in compliance with these conditions and make a suitable sufficiency statements to that effect. This statement is set out here.

The Ring Fencing Certificate, in respect of financial resources and facilities, is subject to third party assurance, in the form of agreed upon procedures, which has been provided by Deloitte and separately submitted to Ofwat.

Deloitte reviewed the Ring Fencing Certificate in conjunction with the completion of their audit of the Regulatory Financial Statements within the Company's regulatory accounts for the year ended 31 March 2025. Deloitte's report on its audit of the Regulatory Financial Statements sets out its responsibilities in relation to 'other information' which includes the Ring Fencing Certificate and is set out in the Regulatory Accounts for the Year Ended 31 March 2025 section.

In accordance with the requirements of the Water Services Regulation Authority, the Board confirmed that:

i) in the opinion of the Directors, the Appointee will have available to it sufficient financial resources and facilities to enable it to carry out, for at least the next 12 months, the Regulated Activity (including the investment programme necessary to fulfil the Appointee's obligations under the Appointment);

ii) in the opinion of the Directors, the Appointee will for at least the next 12 months, have available to it management resources which are sufficient to enable it to carry out those functions; and

iii) in the opinion of the Directors, the Appointee will for at least the next 12 months, have available to it rights and resources other than financial resources, which are sufficient to enable it to carry out those functions.

In reaching this conclusion, the Board has considered:

- financial resources and facilities;
- management resources;

- systems of planning and internal control;
- rights and resources other than financial resources; and
- contracting.

The Board has considered the Company's prospects and the potential impacts of the Principal Risks and uncertainties that would impact the above factors. Details of matters considered and the conclusions reached are set out in the Viability Statement in the **Severn Trent Water Limited Annual Report and Accounts**.

Management provides the Board with evidence that each of the factors set out above have been addressed in assessing whether the Company has sufficient resources to enable it to carry out its regulated activity for the next 12 months. The Board, through the Severn Trent Plc Audit and Risk Committee, scrutinises and challenges the evidence provided to ensure itself that the process is robust. The Board is satisfied that in the current year a robust process has been followed. Further information relating to our internal controls is detailed in Our Approach to Board Leadership, Transparency and Governance and Regulatory Reporting sections.

In providing these confirmations, the Directors have considered various factors as part of their assessment prior to signing this certificate, including but not limited to:

Financial resource and facilities	The Appointee's performance expectations against Final Determination 2020 - 2025, underpinned by historical track record. The Appointee's available cash resources and borrowing facilities. The Appointee's long-term Viability Statement of seven years included within the 2024/25 ARA. Investment requirements to deliver stretching performance commitments. The Appointee's compliance with financial covenants. The Appointee's financial position and net cash flow position as at 31 March 2025 as represented by the statutory and regulatory accounts.
Management resources	The collective experience of the Directors and the diverse skills and experience they possess enables the Board to reach decisions in a focused and balanced way, supported by independent thought and constructive debate, crucial to ensuring the continued long-term success of the Company. Any new appointments to the Board result from a formal, rigorous and transparent procedure, responsibility for which is delegated to the Severn Trent Plc Nominations Committee (although decisions on appointments are a matter reserved for the Board). The Board considers succession to ensure that the Board has the right mix of skills and experience, as well as the capability to provide effective challenge and promote diversity. Executive and Non-Executive Directors remain aware of recent, and upcoming, developments and keep their knowledge and skills up to date. Our Board Effectiveness process includes training discussions with the Company Secretary and, as required, we invite professional advisers and subject matter experts to provide in-depth updates. Our Company Secretary also provides regular updates to the Board and its Committees on regulatory and corporate governance matters.
Management resources (cont.)	The independence of our Non-Executive Directors is formally reviewed annually by the Severn Trent Plc Nominations Committee, and as part of the Board Effectiveness Evaluation. The Severn Trent Plc Nominations Committee and Board consider that there are no business or other circumstances that are likely to affect the independence of any Non-Executive Director and that all Non-Executive Directors continue to demonstrate independence. The Appointee operates a detailed, tailored induction for each new Non-Executive Director. This includes one-to-one meetings with the Chair and each of the existing Non-Executive Directors. One-to-one meetings are also arranged with the CEO, CFO and the Company Secretary, along with other members of the Executive Committee. New Directors also meet members of the operational teams and visit our key sites and capital projects to ensure they gain a detailed understanding of the water and wastewater businesses and have a chance to experience our unique culture in person. We provide briefings on the key duties of being a Director of a regulated water company and proposed Appointees meet with Ofwat as part of the appointment process. The tone at the top and culture within the Appointee is reinforced through the Appointee's Code of Conduct – Doing the Right Thing. The employee engagement survey, assists the Directors' understanding of what is going well and where improvements can be made across the Company. Management and the Board ensure that appropriate and effective succession planning arrangements are in place, supported by the Group Board Diversity Policy. The Appointee's recruitment, reward and recognition strategy to attract high calibre candidates and retain employees with appropriate experience and knowledge.
Systems of planning and internal control	The Appointee's risk-based approach to assurance, including internal and external audits as well as Jacobs' assurance review of non-financial operational performance processes and data. The Severn Trent Plc Audit and Risk Committee which provides oversight over the integrity of the Appointee's financial data, risk management and assessment of the effectiveness of the system of internal control. The Appointee's Enterprise Risk Management process. The Appointee's performance in regards to its performance commitments identified in the Additional Regulatory Information section. Business continuity plans, with particular focus applied to potential cyber events and large-scale power outages in response to global events during the year. The Appointee's policies to prevent, detect and resolve unethical behaviour through implementation of its Whistleblowing Policy 'Speak-Up', Group Financial Crime and Anti-Bribery and Anti-Corruption Policy, Security Policy and Environment Policy.

Rights and resources other than financial resources	The Appointee's purpose, values and culture is embedded through annual e-learning and supported through policies. The Appointee's ambition to be a socially purposeful company, giving back to communities, and providing opportunities for people to learn, retrain and develop is enhanced through the Severn Trent Academy. Asset maintenance policies and systems to monitor asset health. Overall equipment effectiveness approach - delivering tangible benefits through: reducing planned work volumes and associated time to complete the tasks; reducing cost; and improving asset performance. The Appointee's policies to mitigate the risk of modern slavery and human trafficking.
Contracting	There are no contracts that the Company is dependent on in order to carry out its regulated activity.
Material issues or circumstances	We closely monitor emerging risks that may, with time, become significant risks or cease to be relevant as the internal and external environment in which we operate evolves. One of the risks relates to supply chain disruption resulting in critical supply chain shortages and resource security pressures. We are continually monitoring this risk and our dependency on supply chains, including foreign suppliers, which could be impacted by ongoing global matters. Energy infrastructure stability: We are reliant on the stability of the energy grid and are susceptible to power disruptions, brownouts, partial outages, blackouts, and complete shutdown of electricity due to problems with the local, or national, energy grid.

Signed for and on behalf of the Board on 9 July 2025.

Liv Garfield

Chief Executive

Severn Trent Water Limited

Christine Hodgson

Chair

Severn Trent Water Limited

Sarah Legg

Chair

Severn Trent Plc Audit and Risk Committee

LICENCE CONDITION G STATEMENT

This Statement explains how the Company meets the six principles for customer care as set out in Licence Condition G, which was introduced in February 2024. We have also considered Ofwat's 'Service for All' objectives which underpin Licence Condition G (specifically Principle 5):

- Provide a high standard of service and support;
- Develop services that are inclusive by design;
- Identify customers who need extra help;
- Record their needs; and
- Develop vulnerable strategies.

We are pleased to have exceeded our AMP7 commitment for helping customers who are struggling to pay their bill, supporting over 290,000 households with a form of financial support against our target of 200,000. You can read more on this in the Performance Section.

We published our draft Vulnerability Strategy in June 2024 and considered Ofwat's feedback in developing our final Vulnerability Strategy, published in June 2025. Ofwat assessed each company against the 'Service for All' objectives - Severn Trent was considered good across all five objectives, along with one exemplary scoring for 'Record their needs'. Our Vulnerability Strategy still has room for a more ambitious approach and we believe that a more data driven focus in AMP8 will allow us to broaden our reach of support within our customer base and positively impact more customers within the next five years.

Principle 1: The Appointee is proactive in its communications so that its customers receive the right information at the right time, including during incidents.

We aim to deliver a great experience for our customers in all that we do. We continue to work hard to minimise incidents on our network, but in the event that one occurs, our processes relating to customer communications are documented with clear roles and responsibilities for our teams during an incident. Our processes cover a wide range of topics for a range of customer journeys, including; incident triggers, incident management and playbooks, tailored customer communications in the event triggers are met, tailored incident support, a dedicated approach for vulnerable customers tailored to their circumstances and alternative supplies.

Our company-wide incident tracker records all decisions and actions taken across all departments within our control room and on site and provides a legal document for any Drinking Water Inspectorate ('DWI') reportable events. We have a suite of tailored messaging, that can be cascaded effectively to specific areas as required to proactively advise customers of issues that may be affecting their water supply. This messaging can be sent via text or voice message either proactively or reactively in response to an operational issue. Our network control room maintains regular contact with our Water Specialists (who work within our contact centres) to ensure that they are aware of any supply interruptions or ongoing issues, as well as ensuring that the **Incidents in my area webpage** is up to date with incident details.

Customers registered to our Priority Services Register ('PSR') and sensitive sites such as nurseries, schools, hospitals, care homes or prisons, receive advance notification of planned works, so that we can make appropriate alternative arrangements to maintain their supply. During unplanned incidents we identify priority customers and sensitive sites in the impacted area, contact them promptly to advise of any issues and provide alternative supplies as required to minimise disruption. In the event of a wastewater issue (blockage, floodings and pollutions) at such sites, we escalate to the highest priority to ensure the issue is resolved as quickly as possible.

The DWI completes regular technical audits of our customer call centres to review our receiving, responding, recording, and reporting of water quality consumer contacts and provides written feedback – which we use to further improve and enhance our approach. Their most recent audit in March 2024 concluded that 'The company has well developed mechanisms for informing customers of events either pro-actively or reactively'.

Principle 2: The Appointee makes it easy for its customers to contact it and provides easy to access contact information.

We offer a wide range of different channels of communication to suit our customers' needs and our dedicated Care and Assistance team are trained to provide any extra help and support that may be needed. We also have a

team of partnership specialists embedded across our communities to help increase awareness and support customers who may struggle to communicate over the phone or online with us.

We know how important it is for customers to be able contact us whenever they need us and the **Contact Us** page on our website offers a range of communication channels including WhatsApp messaging, and 24/7 operational customer contact centre for water and wastewater emergencies. We also provide dedicated contact channels for billing, and water meters, and have easy to populate online forms in order that customers can report any issues in addition to our postal address. To ensure our written communication is accessible, we offer a range of formats including: large print, braille, audio, alternative colour paper, other languages and paperless.

Our website uses the Recite Me accessibility software to provide customers with the tools needed to navigate and access our information. The communication toolbar allows visitors to customise the content into an easy-to-read format in a way that works best for the individual. The translation tool contains over 100 languages as well as tools to assist with visual impairments and learning difficulties such as dyslexia. AA-level compliance ensures that our digital services and websites are accessible to a broader audience, including people with disabilities. By adhering to WCAG guidelines, we can provide a seamless experience for all users, regardless of their circumstances and needs.

Principle 3: The Appointee provides appropriate support for its customers when things go wrong and helps to put things right.

We work hard to make sure that we deliver an excellent service to all our customers and are committed to taking responsibility and making things right when we get things wrong.

An example of this is our support to customers impacted by sewer flooding, which is one of the worst impacts our customers can experience. We have applied a significant amount of focus to reducing sewer flooding this AMP. Should an internal sewer flooding event occur, we provide customers with the right support, tailored to their circumstances, with the objective of turning a negative experience into a more positive one.

Our support process is tailored to the root cause of the flooding and whether it's internal or external. Customers are supported by our team of Waste Customer Resolution Case Coordinators, a new role introduced in April 2021 to improve our customer service offering for those who suffer flooding.

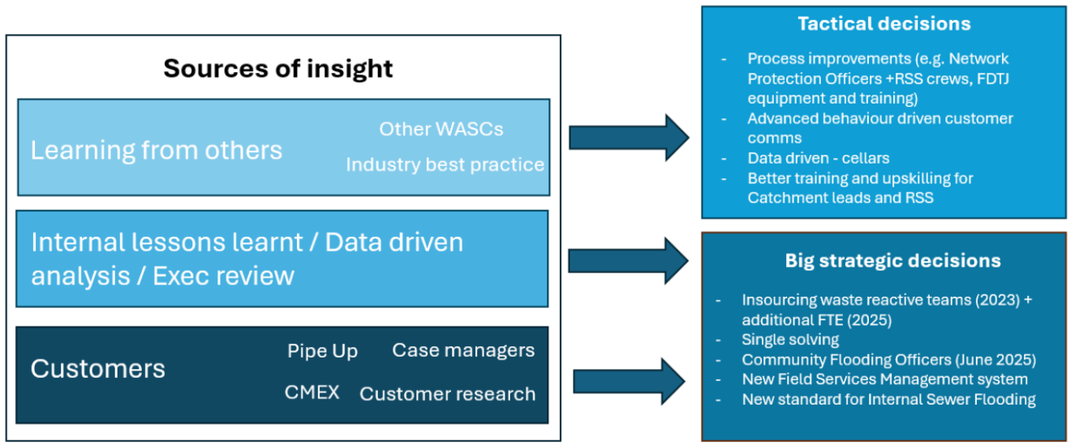
Our team of Customer Resolution Case Coordinators contact each customer who has experienced internal flooding within 24 hours of our crews visiting to share advice on the next steps, provide flood after care information and discuss any potential insurance company engagement. Before calling the customer, the team member will check whether the customer is on the PSR or has been flagged as vulnerable. As part of the conversation with the customer, the Customer Resolution Case Coordinator will acknowledge the experience the customer has gone through with empathy and care, answer any outstanding questions, check they received the flooding after care leaflet and discuss any key points with them. To ensure we provide the best possible service for customers, the Customer Resolution Case Coordinator's team chase any outstanding actions and track completion of the follow on activity.

Once the required follow on work is complete, the team will check the customer is happy that the issue has been resolved. Our Customer Resolution Case Coordinators support customers through the process until they can confirm they are "satisfied and happy to close". That might include going above and beyond in terms of providing a gesture of goodwill, covering their insurance excess or something as simple as flowers or an apology for any service failings. They also offer additional support and guidance on vulnerability and affordability, where the need is identified – this might involve liaising with other parts of the business such as the Care and Assistance team.

Our service is supported by legal guarantees such as **Guaranteed Standards Scheme** ('GSS') which requires us to provide payments if we fail to meet the required standard. We also have our own guarantees to make sure that we focus on services our customers have told us they value the most.

Principle 4: The Appointee learns from its own past experiences, and shares these with relevant stakeholders. The Appointee also learns from relevant stakeholders' experiences and demonstrates continual improvement to prevent foreseeable harm to its customers.

We recognise the importance of learning from others, from our own past experiences and working with external experts and organisations to develop our approach. We are dedicated to continuously enhancing our customer experience, especially in the aftermath of sewer flooding events. We leverage a diverse array of insights, from customer feedback to industry best practice, to ensure that the decisions we make at both a tactical and strategic level are well informed and effective. For example, our Executive Committee reviews flooding incidents on a regular basis, to learn from them, discuss insights from customers' experience and seeks out learning from other companies and organisations, in line with our culture of continuous improvement. A summary of how we have used various sources of insight to drive improvements for our customers is provided below:



To help inform this activity we also conduct regular customer research to understand customers' views on our service and their priorities for improvement. This includes research we commission through third party research agencies, research commissioned by others including the Consumer Council for Water ('CCW') and Ofwat, and through our customer research community, TapChat. We also track customer views through our "always on" customer tracker, which surveys 100 customers each week to understand their views on our service, including monitoring key KPIs such as customer satisfaction, value for money, affordability and service issues.

An example of improvement activity we have implemented in view of these learnings and customer insight is set out below:

Reducing flooding in cellars – lessons learned and customer insight led to us instigating a review of internal sewer flooding incidents that occurred within cellars. In response to the analysis, we made improvements to our decision tree in September 2024 to ensure that the contact centre employee asked if the customer had a cellar.

If a customer called in with a blockage and they had a cellar, the call was treated as a high priority job and a crew attended within four hours. These process improvements reduced floodings in cellars by 29% compared to the same time period in 2023/24.

Alongside these improvements, we instigated an internal initiative to gather data about cellars and their location within our region. We now have a robust dataset in relation to cellars which allows us to drive future improvements, and this has already been utilised for enhanced risk modelling for future proactive works programmes.

In addition to this insight, we have a programme of regular training in place to ensure our teams can identify any extra needs and support our customers in the best way. Some of our memberships include:

Sewer flooding eLearning – our Flooding Working Group identified that training often relied on peer-led training or on-the-job training. Therefore, we are developing and introducing sewer flooding e-learning to further enhance the capabilities of our teams so they can best serve customers.

Business Disability Forum – through which we can access advice, support and learnings from the 500 organisations who have signed up, helping us to improve the experience of our disabled employees, candidates, and customers by removing barriers to inclusion.

Disability Confident – this is a government scheme designed to encourage employers to recruit and retain disabled people and those with health conditions. We are currently at Level 2 'Disability Confident Employer'. This ensures we stay up to date with advice and guidance to help and support those with disabilities.

Support The Sunflower – we recognise not all disabilities are visible and living with a disability can make daily life more demanding for many people, but it can be difficult for others to identify, acknowledge or understand the challenges you face. We have introduced sunflower lanyards, pin badges and identifying cards to give our employees that little bit of extra support, but to also embody this across Severn Trent so all employees, whether they are customer facing or not can recognise the importance of hidden disabilities.

We actively participate in regular CCW workshops, to share our knowledge and lessons learned across the industry.

To ensure continuous improvement in incident management, we hold companywide exercises annually to test our Strategic Incident Management Response Plan and lessons learned from these events are incorporated into an updated Plan.

Principle 5: The Appointee understands the needs of its customers and provides appropriate support, including appropriate support for customers in vulnerable circumstances, and including during and following incidents.

Our PSR allows us to tailor our support to customers' individual situations and needs on a temporary or permanent basis. We continue to grow our database of customers who need additional support, through continuous promotion and awareness of the scheme, partnerships, and the extension of data sharing across the utilities and telecoms sectors. Our nominee scheme supports customers who are impacted by something which makes managing their account with us difficult. The nominee scheme allows them to provide the details of a friend, relative or carer who they allow to speak to us on their behalf. We can even send information directly to the nominee if this is preferred so they can help make sure bills are up to date. In the event of a water emergency, we contact the nominee as well as the customer, in case they need any extra support.

- We review 'extra help' needs on a frequent basis or a term that suits the customer, using 'intelligent' systems, for example if we are made aware that a customer has a long-term disability, we would not contact them to reconfirm the information we have on this is accurate.
- We are exploring more data sharing agreements to align with the 'tell us once' service.
- Our system can keep a record of the customers' extra help needs in one place, regardless of what the customer's issue is, whether it be an operational or a billing issue. This means we can tailor each conversation we have with them appropriately.
- During an incident, we are committed to keeping customers updated through messages, phone calls and updates on our website. In the unlikely event of a loss of water supply, we will deliver bottled water to customers signed up to our PSR.

Our Customer Delivery teams have received vulnerable customer training to help identify when a customer may need extra help.

We have been working to establish partnerships in our communities and are proud of our work with Kidney Care UK ('KCUK'), which has supported us to raise awareness and promote our schemes and services to patients and families of those suffering from chronic kidney disease. One element of success is the renal unit visits we have been able to conduct alongside KCUK staff whilst patients are receiving dialysis treatment, enabling us to connect with our customers and have positive conversations about the support we can offer, identifying potential savings on our affordability schemes and signing up patients for our PSR.

You can read more about how we support customers in vulnerable circumstances in our **Vulnerability Strategy.**

Principle 6: As part of meeting principle 5 above, the Appointee provides support for its customers who are struggling to pay, and for customers in debt.

Beyond our commitment to excellent customer service, we never want our customers to fear their bill and our relentless focus on affordability support and customer advice continues. Our customers benefit from the second lowest bills in England, and will continue to do so throughout AMP8. We also continually strive to eliminate water poverty through our range of bill reduction schemes and are dedicated to supporting our customers now and in the future through financial assistance schemes. We have developed a single application for all schemes making it easy to access extra help and we provide application assistance for those who need it. Our AMP8 £575 million affordability package will allow us to be supporting c.700,000 households by 2025, the equivalent of one in six customers – one of the largest support packages proposed in AMP8 by any water company in the UK.

Our customer bill support includes WaterSure bill cap scheme, Big Difference Scheme, Big Difference Scheme +, living alone reduced tariff, customer assistance scheme, payment breaks, Water Direct, and Matching Plus debt support. We also offer customers the option to switch to a water meter and receive free home water efficiency checks. Full details of each scheme are presented the **Help with paying your bill** page on our website.

We have a dedicated team of customer specialists whose role is to engage with organisations and communities across our region and increase awareness of our vulnerability assistance schemes and services. We regularly visit foodbanks, community centres and outreach centres to raise awareness of the support we provide and to engage with customers.

We are proud of the many charities, organisations, and other authorities that we partner with to help and support our customers. We data share with the Department for Work and Pensions to enable us to identify

customers in receipt of certain benefits who would be eligible for a bill reduction. This means we can automatically apply a discount to their bill without having to contact us or complete an application process.

Through partnership arrangements with housing providers, local authorities and charities, we can identify customers in financial hardship and streamline the process so they can access our support schemes more readily. These partnerships can also help remove barriers which may have prevented people from previously accessing support.

In October 2023, we announced our exciting new partnership with Kraken Technologies to implement its industry-leading platform to drive improvements in customer experience and migration is due to complete in Summer 2025. This new platform will support us to deliver a new 'tell us once' approach to the suite of support available. Over the last 12 months, we have taken a proactive approach to identifying customers who might need financial support. We have worked collaboratively with our debt and data teams to identify customers in water poverty who would be eligible for our Big Difference Scheme ('BDS'). Using a combination of socio-demographic and financial data, we have been able to proactively enrol nearly 25,000 customers who had not yet applied directly themselves. We will continue to use data such as this, in collaboration with other teams across the business, in order to identify customers who could benefit from our support across AMP8 and will use this for either bespoke communication or further auto-enrol campaigns.

Our BDS offering is changing for 2025/26, moving away from an average bill model, to an actual consumption-based model with a fixed and banded discount applied. This will not only allow us to extend our support to more customers, but will also enable us to promote the positive messaging of water efficiency as a way for our BDS customers to gain more financial control, helping to influence their consumption and in turn their spend.

A cohort of customers on our BDS scheme are also eligible for BDS+, our payment matching scheme where customers who pay £60 annually towards their debt will receive a payment match from us on their anniversary of joining BDS+. BDS+ launched in September 2023 allowing payment matching to take place from September 2024. Since September 2024, 11,000 customers have received a payment match towards their debt. A further 22,000 customers are on track to receive a contribution on their next BDS+ anniversary.

Over the last 12 months, our External Relationships team has worked closely with partners and community organisations across Leicester and Derby focusing on minority ethnic customers, to help break down potential barriers in accessing water support. This has included a wider rollout of our fully translated leaflet promoting our support schemes, widening our scope of accessibility for our customers. This continues to receive positive feedback during our community events, especially the Cost-of-Living event that we hosted specifically for these communities.

We operate a data share agreement with Fuel Bank Foundation ('FBF'). This charity enables customers in fuel poverty (those unable to afford to pre-pay for their fuel or energy and as a result when their money runs out, they have no heating or means to cook hot food) to access financial support and practical advice needed to get back on their feet. By partnering with FBF, these customers can also benefit in a reduction on their water bill through our auto-enrolment directly onto BDS.

It is our desire to continue to forge similar partnerships to enable us to reach the proportion of customers who may not typically engage with us directly or may be prevented from accessing support directly themselves due to problems completing application forms, such as digital exclusion.

During AMP8 we are working to develop and deliver a new Affordability Strategy. This will sit alongside our Vulnerability Strategy (which has a strong debt management focus) and will support Licence Condition G. Our Affordability Strategy will focus on the following four key areas:

- Data-driven outreach;
- 'Single Application' view;
- A comprehensive communication strategy; and
- Charity partnerships.

Signed for and on behalf of the Board on 9 July 2025.

Liv Garfield

Chief Executive

Severn Trent Water Limited

OUR APPROACH TO OPEN DATA

Our **Open Data Strategy** outlines our vision to make data available and accessible publicly to provide visibility and demonstrable value to our customers, wider stakeholders and society. We believe our open data strategy fosters a spirit of transparency, innovation and efficiency that drives the sector forward and are confident in the value being delivered to consumers, wider stakeholders, society and the environment.

OUR APPROACH

The open data landscape is evolving, and our processes to balance security and risk with openness and opportunity must evolve as well. We aim to drive a culture that enables trust and transparency, ownership, collaborative working and sharing best practice across the water industry.

Our open data initiatives are driven by company and industry challenges, as well as the goal of improving transparency in our reported business performance. We recognise the value of opening our data and have established processes for making data available.

We will apply data availability and quality checks that assess data for its completeness, accuracy, consistency, reliability, timeliness and validity to ensure that our data sources are monitored and fit for use. Through this we are supporting the sector's ambition to enhance the ease of use of our data and encourage continuous improvement, better data architectures, reduce data redundancy and manage emerging security risks.

We have developed shared 'Open Data Guiding Principles' that promote a common approach to open data delivery.

OUR COMMITMENT

We are committed to making our data easy to access, well-documented and reusable while welcoming feedback and working with stakeholders to continually seek out improvement. We want people to get the maximum benefit from the data we share and we will:

- make sure that published datasets are easily accessible, relevant, well-described, documented, and provided in suitable formats with appropriate licenses;
- establish feedback channels to help improve our open datasets;
- ensure our datasets adhere to industry standards by adding open data licenses and making sure files are machine-readable and in standard formats for easy interpretation and broader re-use;
- provide clear and concise documentation to support end users of our data;
- continue to actively communicate our progress to keep our stakeholders informed and engaged; and
- use a standardised approach to develop rich and relevant contextual information, especially for complex datasets.

As our open data capability matures, we will continue to make and share updates to our strategy.

STREAM

Sector-wide open data initiative 'Stream', a working collective of 11 water companies backed by the Ofwat Innovation Fund, is working to unlock the potential of water data to benefit customers, society and the environment. This initiative has co-created an Open Data Framework that provides the capabilities required to unlock the value of water sector data, and in December 2023 established an **Open Data Portal** for sharing water company data sets. Severn Trent are actively engaged in sharing data through the portal, working with the Stream Use Cases and Market Needs advisory group to establish the priority order for release of future data sets based on value to consumers, wider stakeholders, society and the environment; and the Stream Technical Requirements advisory group to ensure these are underpinned by a common set of data standards and supporting contextual information (metadata) to ensure that the data is understandable and easy to use and process.

To date we have published our APR, Domestic Water Quality and Water Company Boundary data through Stream as open datasets. Through our Get River Positive pledges and Advisory Panel, we are continuing to drive transparency and openness and this year we are pleased to have released our Storm Overflow hourly status data as a machine-readable API on the National Storm Overflow Hub, hosted by Stream. This data supports our **Storm Overflow Map** which is already accessible on our website.

APR25 data tables are available in the **Regulatory Library** on our website and can also be accessed on the **Stream Open Data Portal** with the following attributes:

- The APR data tables are published in a machine-readable format (as CSV text files) alongside the Excel spreadsheets to make it easier for interested parties to download, process and analyse the information contained in them.
- A complete set of supporting contextual information, aligned with the Stream-agreed metadata standards to help understand the format and meaning of the APR data.
- An open data licence (CC BY 4.0) to help understand what, if any, restrictions exist on the use of this data.
- Publishing additional datasets alongside the APR tables – we have created a five year dataset for a selection of datapoints relating to Performance Commitments. This allows you to see trends without having to download and manipulate separate files.
- The provision of a data user help function, to support you with any data related queries you may have when trying to access or use this data.

OUR OPEN DATA ROADMAP

The table below outlines our schedule for planned open data releases for 2025/26, this data will be published with an open licence to encourage information to be freely used. As members of the water sector wide Stream programme, we actively review Stream use cases and add them to our roadmap as they are selected for publishing.

Timescale	Description	Frequency
Q1 2025/26	Inclusion of the latest investment plans & schemes on our Storm Overflow Map	Annually
	E.coli and Intestinal Enterococci (ECIE) River Risk Forecasting Tool: Modelled forecasting data presented for two stretches of river.	Daily
	Water and Waste Boundaries: Our regional zonal Water and Waste boundary maps	Annually
	EDM data: Unassured start and stop times for spills from our event duration monitors	Quarterly
	Open Data Strategy: The first version of our open data strategy is live on our website	Quarterly
Q2 2025/26	Domestic Water Quality datasets: Drinking water quality from across our region	Annually
	Sewerage Boundaries: Geographical Drainage Wastewater Management boundaries within our region	Annually
	Annual Performance Report Data	Annually
	Raw Water Storage: Annual updated levels of raw water availability/reservoir levels	Annually
Q3 2025/26	EDM data: Unassured start and stop times for spills from our event duration monitors	Monthly
	EIRs: Frequently asked questions (FAQ) section of our website as an effective solution to inform interested parties about the common themes	Annually
Q4 2025/26	Reasons for Not Achieving Good Status (RNAGS) Map: A visual map and dataset with the RNAGs allocated to us to visualise the progress we are making in terms of reducing our waste RNAGS to achieve our <2% by 2030 target	Quarterly
	EDM data: Assured Event Duration Monitor annual data for spills	Annually

EXECUTIVE REMUNERATION

EXECUTIVE REMUNERATION AT SEVERN TRENT

Executive remuneration practices in our sector remain under significant scrutiny and we continue to be highly conscious of the need to ensure the remuneration of our Executive team supports high performance and can be clearly articulated and justified to internal and external stakeholders. In particular, we have sought to strengthen the alignment between Executive remuneration outcomes, and delivery for our customers, the environment and wider stakeholders as our Executive remuneration structure has evolved through AMP7.

We recognise that the industry as a whole needs to rebuild trust on the issue of Executive pay and ensure that poor performance is not rewarded. However, we firmly believe that carefully structured remuneration packages play a crucial role in the attraction, retention and motivation of a high performing leadership team, which is capable of delivering the stretching ambitions set out within our AMP8 Business Plan. We see the delivery of these ambitions, and the resulting improvements which become visible for customers and the environment, as being the most fundamental element in restoring public trust in the sector.

We must also be mindful of the need to ensure our remuneration packages are competitive. We are competing for talent with some of the largest companies in the UK and abroad, and failing to offer competitive packages will mean we are unable to recruit the high-calibre individuals needed in the sector to challenge, innovate and drive performance improvements.

Transparency around remuneration remains critical in helping rebuild public trust, and we provide extensive disclosures designed to give our stakeholders a broad and deep understanding of how our Executives are rewarded. This includes transparency around the metrics used to assess performance and why we think the targets are stretching, our performance against these metrics, as well as a broader assessment of overall company performance, which takes into account factors which may not directly impact the formulaic outcomes of performance-related pay ('PRP') mechanisms. Detailed disclosure of pay structures and outcomes are included throughout this report, as well in the 2025 Directors Remuneration Report ('DRR'), which can be read in full in the **Severn Trent Plc Annual Report and Accounts 2024/25.** The DRR is subject to a shareholder vote at our Annual General Meeting ('AGM'), with shareholders showing strong support in our last AGM in July 2024, voting 95.48% in favour.

While transparency around what the PRP targets are, and whether they have been achieved, is important for rebuilding trust, we believe that equally important is the ability to demonstrate that the performance targets set were sufficiently stretching. As set out in the graphic on page 72, the metrics within our annual bonus scheme ('ABS') and long-term incentive plan ('LTIP') are closely linked to our corporate strategy and the stretching ambitions that we set out within our AMP8 Business Plan. This includes our determination to push the boundaries on customer ODI performance, drive a major reduction in combined sewer overflow ('CSO') spills and significantly reduce the impact we have on our region's rivers. Aligning our PRP targets to the plan therefore helps ensure they are truly stretching for our Executive team to deliver.

In the remainder of this section, we set out:

- details of our Group Remuneration Policy (the 'Policy'), including how the structures of our short-term and long-term incentive schemes are aligned to delivery for customers and the environment, and how we ensure that the targets we use are stretching;
- details of the mechanisms in place to ensure that Executive Director PRP outcomes are appropriate and justifiable, and that enable the Committee to override the formulaic outturns if needed; and
- how Executive Director PRP is funded by investors.

OUR REMUNERATION POLICY IS DESIGNED TO FOCUS ON THE LONG TERM

Executive pay is subject to rigorous scrutiny from the Severn Trent Plc Remuneration Committee, which operates on behalf of all Group companies, including STW. The Remuneration Committee is advised by appointed independent advisers, and the Committee's decisions are published as part of the **Severn Trent Plc Annual Report and Accounts 2024/25**. Matters of relevance to STW are disclosed within the dedicated **Severn Trent Water Limited Annual Report and Accounts 2024/25**, ensuring full transparency about our Executive Director pay decisions for our customers, wider society and the environment.

The Group's Remuneration Policy is designed with the following key objectives in mind:

- to ensure the Executive Directors have a long-term focus on strong and sustainable performance for the benefit of all stakeholders, through the use of shareholding requirements, deferral mechanisms and holding periods;
- to foster a culture of high performance throughout the organisation through the alignment of performance measures in the all-company bonus;
- to strive for excellent performance that leads the sector and that is recognised by our regulators, customers, and other stakeholders as doing so; and
- to attract, retain and motivate its leaders to deliver on our performance objectives for customers, communities, and the environment.

The Company's remuneration framework embeds our values and ensures that our Executive Director remuneration arrangements can be clearly articulated and justified to internal and external stakeholders. Almost three-quarters of our Executive pay potential is variable in nature, based on stretching targets that are reviewed annually by the Remuneration Committee, ensuring that our Executives are only rewarded for strong performance and service improvements for our customers and the environment.

In line with the principle of encouraging long-term focus on strong and sustainable performance, 50% of any Executive Director annual bonus is awarded in shares that are deferred for three years, and 100% of LTIP awards are in shares that are subject to a three-year performance period and a further two-year holding period.

In addition, the Executive Directors are subject to shareholding requirements of 300% and 200% of salary for the CEO and CFO respectively, both of which have been exceeded. Through personal investment and the retention of Severn Trent Plc shares acquired as a result of discretionary awards vesting and options being exercised under the Severn Trent Plc share plans, the Executive Directors have significant personal shareholdings. Should an Executive Director leave, they are contractually required to hold shares for at least two years after leaving the Company.

As a listed business, our Policy is subject to shareholder vote every three years as a minimum, and our current policy was approved by over 95% of shareholders at our last AGM in July 2024. However, with the challenges and opportunities of AMP8 now in much greater focus following the receipt of our Final Determination, and the need to retain and motivate our Executive team through AMP8 being such a priority for the Board, we intend to commence shareholder engagement on a new AMP8 Remuneration Policy during the summer, to ensure the Policy is optimally structured and balanced for this purpose.

OUR INCENTIVE SCHEMES ARE ALIGNED TO DELIVERY FOR CUSTOMERS AND THE ENVIRONMENT

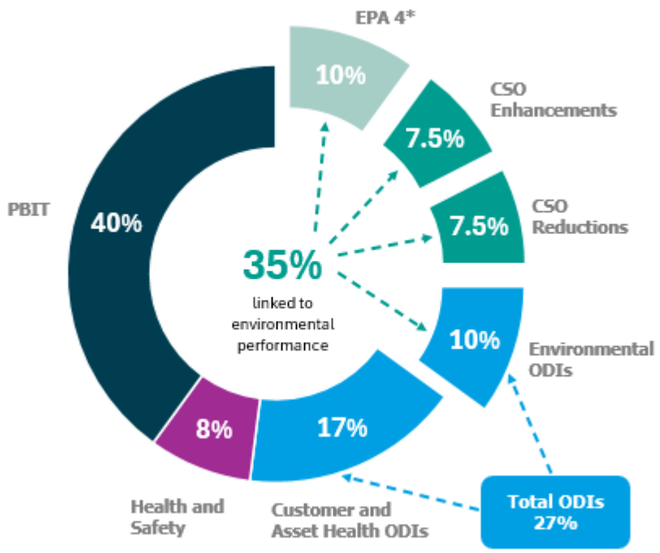
We operate two main incentive plans, our ABS, and our LTIP. Both of our incentive plans are designed to be stretching and reward delivery for our customers, communities and the environment.

Annual Bonus Scheme

The Company's ABS is structured so that the majority of the reward (60%) is based on a combination of service performance (Customer ODIs), health and safety performance (Lost Time Incidents), and environmental performance, including specific targets around CSOs, in recognition of the Company's commitment to improvement in this area in line with stakeholder expectations.

Whilst we have consistently focused on connecting remuneration to environmental outcomes, when designing the structure of the 2024/25 annual bonus, we recognised the strength of external opinion on the performance of the sector, and chose to increase the weighting to 35%, whilst maintaining the 60% overall weighting on non-financial measures. Increasing this element of the ABS structure reinforced the importance that the Company places on the environment and river health, and emphasised the pivotal role we know we play in contributing towards and advocating for that health.

2024/25 ABS Structure



We strongly believe that all our employees play a part in delivering exceptional performance for customers and generating long-term value for our customers and communities, which is why we operate our ABS at all levels across the Group. Although the all-company bonus is paid from the regulated business, in recognition of the strong focus on executive pay across the sector, all Executive Director bonuses and long-term incentive awards are charged to and funded by our ultimate parent company, Severn Trent Plc. These costs are therefore borne by shareholders rather than customers.

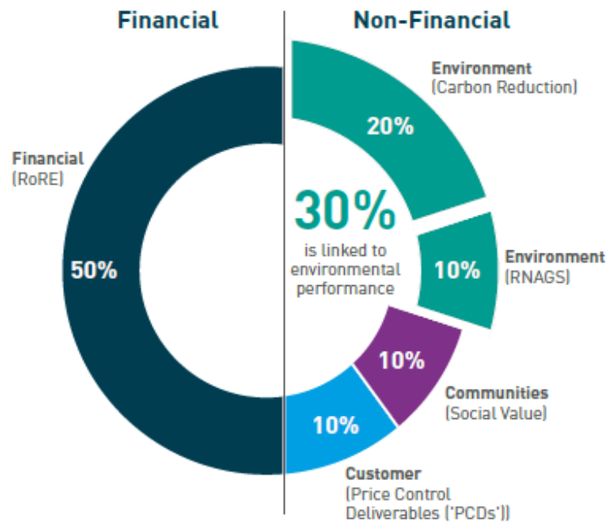
Long-Term Incentive Plan

Our LTIPs operate over a three-year period and historically have been based primarily on the Return on Regulated Equity ('RoRE') as a strong composite measure that incentivises long-term performance and delivery for stakeholders. As part of the 2021 Remuneration Policy review, we introduced sustainability measures to the LTIP that accounted for 20% of the maximum pay out. In the plan which vests in July 2025, the environmental measures are focused on reducing our carbon impact.

In 2023/24, as part of the 2024 Policy review, we made significant changes to the structure of the LTIP with customer, environment and communities related measures in the 2024 award accounting for 50% of the overall award, and financial performance, as assessed through RoRE, down-weighted to 50%.

For the 2024 LTIP award, RoRE remained a key financial measure that provides a strong alignment between the long-term financial and operational performance of the Group and potential long-term performance related rewards for management. Whilst RoRE is a financial measure, the component elements include service levels for customers (ODIs), cost efficiency (Totex) and financing. In so doing, these measures contribute to positive outcomes for customers both now, through supporting strong performance delivery, and over time, through sustained service delivery and challenging targets on cost and financing. In practice, therefore, our alignment to delivery for customers and the environment will be much higher than 50%.

2024 LTIP Structure



OUR INCENTIVE SCHEME TARGETS DRIVE STRETCHING PERFORMANCE

We have a robust process for setting and reviewing targets for the annual bonus and the LTIP, taking into consideration our Business Plan, long-term strategy (including our sustainability framework), stakeholder expectations and wider market/economic conditions. The Remuneration Committee then reviews the proposed targets (including the underlying assumptions) to ensure they are suitably stretching, measurable, non-subjective and capable of being independently assured.

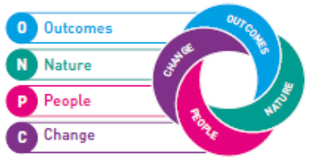
The Committee's insistence on stretching targets means our annual bonus outturn as a percentage of maximum has been just 65% for AMP7, despite delivering strong performance for a range of stakeholders, including sector leading levels of ODI reward, achieving the prestigious EPA 4* rating in each year of the AMP and delivering strong levels of financial performance and resilience.

As part of their review of remuneration structures during 2024/25, the Remuneration Committee continued to support the inclusion of an underpin on the EPA 4* element of the ABS, which has now been aligned to the serious pollutions metric within the Environment Agency's Environmental Performance Assessment ('EPA') and requires this measure to be green to achieve the EPA 4* element of the bonus. This underpin will be binary, therefore if the serious pollution measure is not green in the 2025 assessment, the EPA measure will not pay out, irrespective of whether EPA 4* status is achieved, thereby making this element even more challenging and robust.

On the LTIP, the maximum outturn for the Executive Directors is only achieved if Severn Trent's RoRE performance is upper quartile relative to that disclosed by other WaSCs, as assured and published by Ofwat.

The following table sets out the metrics and weightings we have included in our latest PRP schemes, the 2025/26 ABS and 2025 LTIP, along with how each metric aligns to our strategy and stakeholders. We also set out why we believe the targets associated with each metric are appropriately stretching.

Our corporate strategy



Stakeholder key

Customers · Communities · Shareholders and Investors · Sustainability and ESG · Employees · Suppliers and Contractors · Regulators and Government

	Measures (weighting %)	Link to our strategy	Link to our stakeholders	Why it is important	How targets are stretching
2025/26 Annual Bonus	**PBIT** (40%)	O		PBIT is a key financial measure for Severn Trent, demonstrating our ability to control costs and deliver financial returns for our shareholders, which includes many of our employees.	The PBIT target is underpinning our stretching ambition to double adjusted earnings per share ('EPS') between 2025 and 2028.
	ODIs (27%)	O N P C		Our ODIs are designed with customers to make sure our objectives align with things that matter most to them. They are agreed with Ofwat and aim to drive performance across customer and environmental measures.	Requires significant outperformance against Ofwat's own stretching performance expectations.
	CSOs (15%)	O N C		In line with Pledge 1 of our five river pledges, we will reduce the number of CSO spills and deliver targeted CSO enhancements, bringing benefits to the health of our region's waterways, now and into the future.	Targets set by reference to Severn Trent's CSO reduction plan, which is the most ambitious in the sector.
	EPA 4* (10%)	O N C		The EPA is the EA's way of categorising company performance against a range of key environmental measures. Achieving EPA 4* is the highest ranking, and represents an industry-leading company.	Achieving EPA 4* represents a sector leading company, and is the highest rating possible. Typically, only around two companies receive this rating each year.
	Health & Safety (8%)	P		We believe passionately that no one should be hurt or made unwell by what we do. This metric, which focuses on reducing LTIs, helps our people strive for improvements across all aspects of our operations, keeping themselves and those around them safe.	Target set by reference to external benchmarking, with an LTI rate that is considered industry leading.
2025 LTIP	**RoRE** (50%)	O N P C		RoRE is a key performance indicator for the water sector, reflecting the key opportunities that companies have (such as totex, financing and ODIs) to outperform the regulatory allowances set out in their Final Determinations.	Achieving maximum outturn requires significant outperformance against Ofwat's base return, and requires us to be upper quartile compared to the wider sector.
	Carbon Reduction (20%)	O N C		Companies have a huge responsibility to reduce their carbon emissions and our ambitions are significant. Focus on renewable energy generation and Scope 1 and 2 emission reductions is fundamental to our plan to reach operational net zero by 2030.	Targets aligned with our bold trajectory to achieve net zero operational carbon emissions by 2030, 20 years ahead of Government net zero targets.
	RNAGS (10%)	O N C		We take responsibility for the health of our region's rivers, and are delivering capital investment to reduce our impact on them, to help ensure our communities can enjoy them for generations to come.	Aligned to our ambition to significantly accelerate the improvement of river health, so our operations account for just 2% of RNAGS by 2030 (from 10.8% in 2025).
	PCDs (10%)	O N C		PCDs are agreed with Ofwat and designed as powerful incentives to ensure delivery of the outcomes we have committed to deliver for our customers and the environment in AMP8, such as increasing water resilience and improving river quality.	Maximum payout requires 100% of PCDs to be on track with the challenging milestones agreed with Ofwat.
	Social Value (10%)	O P C		Our Societal Strategy aims to address the underlying causes of poverty in our region in a landmark scheme designed to help people recognise their potential and improve their work prospects, as measured through the delivery of Social Value.	Aligned to our hugely ambitious programme to support 100,000 people out of poverty over the next 10 years.

HOW WE ENSURE THAT EXECUTIVE DIRECTOR REMUNERATION OUTCOMES ARE APPROPRIATE

We are confident that the design of our PRP schemes, and the stretching nature of the targets set by the Committee, mean that Executive Director remuneration outcomes reflect quality service delivery for customers, communities and the environment. However, we recognise that on rare occasions there could be factors that are either not included in the design or the time horizon of PRP schemes. Because of the long-term focus of our PRP, the Committee has mechanisms to both ensure that Executive Director PRP is appropriate and justifiable, and to enable discretion to be applied as required to reflect performance in the round.

Ofwat Rule on Prohibition of PRP

Following the introduction of the Water (Special Measures) Bill during the year, and the subsequent Ofwat consultation on PRP prohibition, we now have an additional layer of regulatory scrutiny around PRP for Executive Directors, which provides a clear framework against which to assess whether circumstances exist under which a company should not pay any PRP at all to Executive Directors for the year. The conclusion on Ofwat's pay prohibition rule was finalised on 6 June 2025 and Ofwat have confirmed that Severn Trent's performance did not trigger the PRP prohibitions for the 2024/25 financial year.

Standard	Severn Trent Assessment	Standard Met?
Consumer Matters	Severn Trent has not been found by Ofwat to have breached a principal statutory duty during the PRP year that would warrant a financial penalty, nor has Ofwat stated that it would have imposed such a penalty, but for Undertakings provided.	✓
Environment	We are confident in achieving EPA 4* for an unprecedented sixth time this year, significantly exceeding the requirements of this element of the standard. We also did not cause any Category 1 pollutions in the calendar year preceding the end of the PRP year.	✓
Financial Resilience	Our credit ratings with Fitch, Moody's and S&P were all reaffirmed on stable outlook with no change and our credit ratings remained compliant with the license requirement throughout 2024/25.	✓
Criminal Liability	We have not been convicted of any criminal offences during 2024/25, so the expectations of this standard have been met.	✓

Assessment of performance in the round

In overseeing remuneration outcomes, the Remuneration Committee ensures that performance is assessed in the round, and over time, through a number of lenses, to incorporate a variety of stakeholder perspectives. In addition, the Committee also considers relevant reports and guidance from Ofwat in assessing the achievement of standards of performance. In so doing, the Committee assesses the extent to which formulaic incentive outturns are justifiable and explainable in the context of overall performance for customers, communities and the environment. It also considers other factors, including regulatory investigations, environmental compliance beyond the measures contained in the incentive schemes, health and safety performance, treatment of the wider workforce and societal matters such as support for our local communities.

This review is supplemented by a report from our external remuneration advisers, Alvarez and Marsal, which aims to provide an objective and external perspective on PRP outcomes, factoring in regulatory updates and guidance, as well as wider market practice.

Every year, we set out the process and factors that the Remuneration Committee have assessed as part of their review of performance in the round for the year in question in our annual Directors' Remuneration Report within the **Severn Trent Plc Annual Report and Accounts 2024/25** (page 136). We continually strive for clear and transparent remuneration reporting and strongly support the standardisation of reporting on remuneration decisions across the sector.

Recognising the range of stakeholders that read this report, who may not be a familiar with our overall reporting framework, we have provided this information in the table below. This table summarises the key data points that the Committee consider as part of their annual assessment of performance in the round. It also sets out the process followed in order to determine if formulaic incentive outcomes are justifiable and explainable in the context of overall business performance and service delivery for customers, the environment and wider stakeholders.

The Committee's Assessment of performance in the round for 2024/25:

	Factors considered by our Committee
Delivery for customers	With 27% of the 2024/25 annual bonus structure based on ODI performance, and the financial rewards of ODIs flowing into the Company's RoRE performance, customer performance metrics are embedded within the formulaic calculation of Executive remuneration. In assessing Performance in the Round, the Committee considered the Company's performance across all of its performance commitments both over time and relative to the performance of other WaSCs. Deep dives were provided on the following key areas: - C-MeX performance, including improvement activity underway and planned. - Company response to extreme weather events, including the ability to avoid water use restrictions.
Environmental performance	For 2024/25, environmental measures make up 35% of the annual bonus, through a combination of environmental ODIs (10%), EPA 4* rating (10%) and CSO measures (15%). Beyond the formulaic outturn, the Committee considered the Company's performance against a broad range of environmental performance indicators, supported by deep dives into the following key areas: - The EA's overall EPA framework, including Company performance against all of the measures that make up the EPA rating, both in year and over time. - CSO performance, including improvement activity underway and planned. - Progress against the Company's stated environmental commitments, including the Get River Positive pledges, and the Company's ambition to be net zero for operational emissions by 2030.
Financial performance and resilience	Whilst 40% of the 2024/25 bonus is based on Group PBIT performance, and this subsequently feeds into the RoRE performance that influences the LTIP outturn, not all measures of the Company's financial performance are readily visible in this top-level number. The Committee therefore considered other factors when assessing the Company's financial performance and resilience in the round, as follows: - Gearing and financial resilience. - Capital delivery and investment. - RCV growth. - Shareholder experience.
Impact on our communities	The Committee considered the long-term value creation for the mutual benefit of our customers and communities, supported by deep dives into the following key areas: - Affordability. - Progress achieved in the second year of the Company's Societal Strategy, including close to 10,000 people supported and the generation of more than £4 million of measurable Social Value.

Alignment to wider workforce	In addition to the Committee's annual update on workforce policies and practices, the Committee considered the alignment between Executive remuneration outcomes and the wider workforce experience, supported by the following key areas: - Assessment of employee policies and benefits, including performance management, talent programmes and skills development. - Internal and external benchmarks of employee experience – including maintenance of the Company's best ever employee engagement score and very high Sharesave participation rates. - Health and safety performance, including our people, supply chain and the customers and communities we serve.
Stakeholder relationships	The Committee reviewed the strength and status of the Company's relationships with key stakeholders, including its regulators, regional MPs, local business forums and shareholders.

Malus and clawback

In the event the Remuneration Committee determines that wider company performance requires an adjustment to formulaic performance-related pay outturns, they can do so using malus and clawback provisions, which feature as part of all our incentive scheme rules. These provisions allow the Remuneration Committee to reduce or recoup any past incentive payments from individual Executives if we later learn of information that was material to the incentive scheme outcome after the time of the award. Substantial use of deferral mechanisms in both the ABS and LTIP as outlined above aids our ability to operate malus and clawback as required.

SUMMARY OF CHIEF EXECUTIVE OFFICER REMUNERATION OUTCOMES FOR 2024/25

Full details of 2024/25 performance and Executive Director remuneration outcomes are disclosed in the **Severn Trent Plc Annual Report and Accounts 2024/25**. However, in the interests of transparency, the following table provides a summary of in-year remuneration outcomes for the Chief Executive Officer:

Remuneration Element	2024/25 CEO outcome (£'000)	Funding	Notes
Salary	829.6	Paid for by customers	As disclosed in the **Severn Trent Plc Annual Report and Accounts 2024/25**, the Executive Directors base pay will increase by no more than the increase for the wider workforce.
Benefits	18.9		Benefits include a green travel allowance, private medical insurance, life assurance and participation in an incapacity benefits scheme.
Pension	124.4		The Executive Directors' maximum pension contribution is aligned with the wider workforce at 15%.
Annual bonus	831.2	Paid for by investors	Represents an outturn of 82.5% of maximum. The stretching target was missed on the CSO spills metric, reducing the outturn by 7.5%, and on the EPA rating metric, reducing the outcome by 10%. On the latter, although we remain confident of achieving sector-leading 4* status, the serious pollution binary underpin was not met, so this element paid out at zero.
LTIP	1,464.2		For 2024/25, the value of the LTIP is based on the outcome of the standard element of the 2022 LTIP vesting, plus the UQ element of the 2021 LTIP.
Total single figure	**3,268.3**		

REMUNERATION FOR THE YEAR AHEAD

During 2024/25, the Committee spent a significant amount of time reviewing remuneration structures, to ensure they remained optimally structured and balanced, and incentivised the leadership team to drive performance in the right areas for our broad range of stakeholders. The review noted that significant changes had been made to the structure of the ABS and LTIP schemes in the 2024 Policy review, and concluded that the structures defined in that review remained appropriate.

While we have not made changes to the overall structure of our ABS for 2025/26, the focus on environmental performance has been strengthened due to the new suite of ODIs we have in place for AMP8, which has a greater proportion focused on environmental performance. This has the effect of increasing the weighting of environmental measures within our ABS from 35% to 39%, with the overall weighting of non-financial measures being maintained at 60%.

The 2025 LTIP will be granted in accordance with the structure defined for the 2024 LTIP, with 50% based on financial performance and 50% based on non-financial measures.

Full details of the implementation of the Policy for the year ahead can be found in the **Severn Trent Plc Annual Report and Accounts 2024/25**.

HOW EXECUTIVE DIRECTORS' PERFORMANCE-RELATED PAY IS FUNDED BY INVESTORS AND NOT CUSTOMERS

While the performance criteria for our annual bonus scheme are the same for all employees, the bonuses awarded to Executive Directors are paid and accounted for by Severn Trent Plc, which is listed on the London Stock Exchange. Executive Director bonuses are not charged to STW.

Awards made to Executive Directors under our LTIPs are settled in shares of Severn Trent Plc. There is no cost to our regulated business. Severn Trent Plc's shareholders bear the cost of these transactions through the dilution of their existing holdings in Severn Trent Plc and, as such, these costs are not borne by customers.

The costs associated with the Executive Directors' bonuses and LTIPs in respect of the financial year 2024/25 are excluded from the 2024/25 regulatory accounts of STW, specifically wholesale Totex reported in table 2B. As such, these costs are automatically excluded from the Totex customer cost sharing mechanism, and will not therefore be paid for by customers of STW.

DIVIDENDS

DIVIDENDS

This section of the report sets out our approach to dividends and how we have applied this during the year. The framework for the Board's consideration of dividends is formed by our AMP7 Dividend Policy and its four core principles, and the licence modifications relating to dividends that took effect during the year. The section is set out in three parts:

Our AMP7 Dividend Policy – details how our dividends:

- are fair and balanced;
- are transparent;
- promote continued outperformance; and
- support appropriate gearing.

Licence modifications relating to dividends – outlines the three recent licence changes and sets out the Board's process for assessing performance for customers and the environment over time and in the round.

How we have applied our Dividend Policy, core principles and the recent licence modifications – describes in more detail how we have applied the framework in the year including the Board's assessment of performance in the round in relation to dividends and how the current year dividend:

- is fair and balanced and takes account of service delivery for customers and the environment over time;
- rewards efficiency and the effective management of risks;
- supports appropriate gearing and does not impair the ability of the Company to finance the Appointed Business;
- promotes continued outperformance; and
- is transparent and supported by the Board's assessment and decision.

OUR AMP7 DIVIDEND POLICY

The Company's Dividend Policy is based on our belief that, in order to deliver successful outcomes, all stakeholders should share in the Company's success, in particular:

- customers benefiting from good value and additional investment to deliver better services;
- enhancing the environment in which we operate;
- employees being fairly rewarded for their hard work including through appropriate incentive-based bonuses;
- investors earning a reasonable return on more than £4 billion of equity they have invested in the Company's parent – including two equity placings in the last three years, raising £1.25 billion;
- maintaining appropriate gearing and delivering strong financial resilience.

The Board applied particular focus to the proposed dividend during the year, in consideration of our performance in the round and over time, service delivery for customers and for the environment, the Company's long-term investment needs and financial resilience.

To bring the extensive and detailed nature of this assessment to life, the schematic overleaf sets out a summary of how the performance in the round process operates in practice, in providing the Board with a detailed assessment of all elements of the Company's performance, to facilitate robust scrutiny and consideration by the Board ahead of declaring dividends.

In addition to the performance in the round assessment, at PR19 we adopted four core principles that guide how we make decisions about dividends:

DIVIDENDS WILL BE FAIR AND BALANCED

We believe that a fair and balanced dividend:

- Takes account of the Company's performance, in the round and over time, encompassing a full range of stakeholders: customers, the environment, the communities we serve and our employees.
- Provides a fair return to our equity investors.

A fair return takes account of market returns to equity and debt in the sector and more broadly; is sufficient to attract new equity investment when required and to retain existing investors; appropriately shares the rewards of good performance and reflects the consequences of poor performance.

The importance of attracting new equity is particularly evident at present given both the need for a large increase in investment as illustrated in all companies' plans; and the urgency to deliver that investment (and environmental improvements today) rather than constraining ourselves by the five-yearly planning process.

We want all of our stakeholders to consider that the dividends we pay are fair and balanced. In this section we set out our assessment of our performance in the round and over time and how we have come to our dividend decision for this year.

DIVIDENDS WILL BE TRANSPARENT

Customers should be able to see and understand how our dividend policy supports them – through both the sharing of outperformance and greater transparency. In this section we explain how our dividend is consistent with our commitments.

DIVIDENDS SHOULD PROMOTE CONTINUED OUTPERFORMANCE

It is in all parties' interests that we continue to outperform so we keep bills affordable and improve service levels. Our dividend policy will benefit customers, employees will feel rewarded and importantly investors will continue to challenge us to deliver the best long-term result.

DIVIDENDS WILL SUPPORT APPROPRIATE GEARING

Our shadow RCV gearing at 31 March 2025 was 62.8%, broadly in line with the notional capital structure for AMP7. If we geared to a high level, above 70% – although we have no plans to do so - we would share financing benefits from this structure with customers.

LICENCE MODIFICATIONS RELATING TO DIVIDENDS

Ofwat consulted on licence modifications in July 2022 reflecting its concerns about financial resilience and dividend decisions across the wider sector. We recognised Ofwat's concerns and we were pleased to offer our

views and support. Our Board accepted the licence modifications and the new licence condition on dividends took effect on 17 May 2023.

In applying our four core principles that guide how we make decisions about dividends in the current year, we have taken account of the 2023 licence changes:

- Dividends will not impair the ability of the Company to finance the Appointed Business.
- Dividends will take account of service delivery for customers and the environment over time.
- Dividends will reward efficiency and the effective management of risks to the Appointed Business.

As a responsible, financially resilient company, Severn Trent Water's Board has considered our long-term investment needs, our financial resilience (including pension obligations) and our service delivery for customers and the environment over time, and in the round, when deciding our dividends.

We are supportive of Ofwat's often-stated view that dividend policies and capital structures are the responsibility of company Boards, taking account of relevant legal obligations and licence conditions. Dividends are the means for companies to compensate equity investors for the use of their capital and our investors already expect our company Board to apply reasonable and appropriate judgment before making such distributions.

HOW WE HAVE APPLIED OUR DIVIDEND POLICY, CORE PRINCIPLES AND THE 2023 LICENCE MODIFICATIONS

We set out below how we have applied our core principles and the 2023 licence modifications.

DIVIDENDS WILL BE FAIR AND BALANCED AND DIVIDENDS WILL TAKE ACCOUNT OF SERVICE DELIVERY FOR CUSTOMERS AND THE ENVIRONMENT OVER TIME.

Performance for customers

We measure service delivery for customers by reference to our performance against the targets set in our performance commitments and ODIs. We assess our performance in the round and over time.

Assessing performance in the round means taking account of performance across all performance commitments and ODIs and taking a balanced view of performance. We give equal weight to both under performance and over performance by ensuring that ODI penalties are covered by rewards before considering the inclusion of any performance related element in dividend distributions. We also consider performance across the range of performance measures and only include a performance related element in the dividend if a substantial proportion of our measures are meeting or exceeding target. We consider whether exceptional factors have positively or negatively affected performance and whether this should be taken into account in our assessment. However, in general we take the rough with the smooth and to date have not adjusted our assessment to 'normalise' for exceptional circumstances, a position we have maintained for two successive AMPs.

Assessing performance over time means considering a number of periods in determining the level of dividend. Sustained delivery over more than one period of performance would support distribution of an enhanced dividend based on performance. A single year of performance that is out of line with an established trend would not in itself signal a change in the dividend in that year.

Performance in the Round

Performance for customers

The Board considered the proportion of measures where targets were achieved and where targets were not achieved, and assessed the Company's performance across its performance commitments relative to other companies.

The Board undertook deep dives into challenging areas, which included investment plans for how performance could be improved – for example, the Board instigated specific reviews as follows:

- Deep dive on the Company's CMeX performance and improvement activity.
- Deep dive on AMP8 deliverability.
- Deep dive on the Company's Pollution Incident Reduction Plan.
- Deep dive on CSOs.
- Deep dive on the Company's EPA performance.

This reporting-based approach is supported by site visits to bring operational challenges to life and enable the Board to meet employees involved first hand.

Performance for the environment

Assessment and scrutiny of the proposed dividend in the context of Ofwat's PR19 methodology, subsequent guidance and Companies Act 2006 requirements, in particular that dividends may only be paid out of profits available for the purpose. This process included an assessment of the proposed historical dividends paid, in the context of the Company's:

- Ongoing liquidity and solvency to ensure the Company's ongoing financial resilience.
- Performance against its determination.
- Scrutiny of the various scenarios and sensitivities underpinning the Company's viability assessment, financial performance and resilience.

The assessment also considered the impact of the proposed dividend on the strength of the Company's covenant as the sponsor of its defined benefit pension schemes.

Interests of the Company's employees

Robust assessment of the Company's commitment to its employees, supported by deep dives and consideration of impacts on employees as follows:

- Assessment of employee benefits, including talent management, career development and broader incentives.
- Health and Safety performance, including our people, supply chain and the customers and communities we serve.

In its assessment, the Board also considered the impact of the proposed dividend on employee shareholders, including the overwhelming majority of our employees who own Severn Trent shares, either directly or through our share plans – such as Sharesave, which over 70% of our employees participate in.

Performance for the communities we serve

Robust assessment of long-term value creation for the mutual benefit of our customers and communities, shareholders in our communities, the environment and our people, supported by deep dives into the following key areas:

- Affordability.
- Societal Strategy.
- Health and Safety performance.

This reporting-based approach is supported by meetings with our communities and employees to enable direct interaction with the Board.

Financial performance and resilience

Consideration of legal requirements under the Companies Act 2006 and regulatory requirements as a regulated water and sewage company. The Board's assessment sought confirmation that:

- The Company has sufficient distributable reserves to pay the proposed dividend.
- The dividends declared will not impair the Company's ability to continue as a going concern.
- Ofwat's requirements relating to dividends paid by the Company are considered in this document.

Legal and regulatory requirements

To make the investment needed, companies need committed long-term investors to fund the significant investment for AMP8 and beyond, improve service delivery for customers and the environment over time, whilst promoting intergenerational fairness. The Board's assessment included consideration of:

- Gearing impacts, in particular that dividends should support appropriate gearing to maintain the balance of risk between existing equity and debt investors.
- Attracting investment in the sector, recognising that dividends are a key factor in investment decisions for shareholders, which represent the main return to equity both now and to promote long-term investment into the sector.
- Investor expectations to earn a fair return on their investment and the higher risk taken by equity investors relative to debt investors.

Interests of shareholders and debt investors, and the need to act fairly between members of the Company

Following this assessment, in line with our formal dividend policy, the Board determined that the proposed dividend would not impact the financial health of the Company, nor its credit ratings.

The Board also considered that the proposed dividend was supported by the performance in the round for customers, communities and the environment, both now and over time. The Board therefore approved the proposed dividend of £359 million.

Decision in determining whether a dividend should be paid

All areas of performance, and stakeholder impacts, are considered in the Board's decision in determining whether a dividend should be paid.

We recognise that, as a monopoly provider of essential public services, we have an obligation to consider stakeholder concerns at an individual company and sector level. We have also considered our performance on matters such as operational resilience in the face of climate change, river health and CSO spills and performance against our statutory and regulatory obligations, in determining the appropriate level of dividend.

Our ODI performance reported for AMP7 is summarised below:

Metric	2025	2024	2023	2022	2021
ODI net reward (£m)[1]	69	55	53	79	77
Proportion of measures in reward (%)	83	76	79	88	82

1 Stated after tax and after customer sharing

Detailed commentary on our performance against our performance commitments during the year is set out in the Performance Summary section. We set out below a summary of our performance in 2024/25.

We achieved an ODI reward of more than £10 million for sewer blockages, biodiversity (water), biodiversity (waste), Farming for Water, improvements in WFD criteria, improvements in WFD criteria (Green Recovery), reducing residential void properties and persistent low pressure. We incurred an ODI penalty of more than £10 million for water quality compliance ('CRI') and external sewer flooding.

Ofwat's approach to assessing sector performance focuses on 12 measures:

- Customer Satisfaction
- Priority Services Register ('PSR')
- Leakage
- Per Capita Consumption
- Supply Interruptions
- CRI
- Mains Repairs
- Unplanned Outages
- Internal Sewer Flooding
- Pollutions Incidents (Cat 1 – 3)
- Sewer Collapses
- Treatment Works Compliance

For the 2024/25 performance year, of these 12 measures, we are green on eight of them.

Strong performance across many ODIs has continued in 2024/25, with over three-quarters of our total measures green, including PSR, leakage, sewer blockages, persistent low pressure, biodiversity and reducing residential voids. We set out below some highlights of our 2024/25 performance, which is described in more detail in the Performance section.

Leakage

We have successfully delivered a 16.8% leakage reduction over AMP7 and we are currently at our lowest ever annual levels of leakage. We are proud of our performance in this area, having achieved our target for 12 out of the last 13 years and on track for 13 from 14. In 2024/25 we found and fixed more leaks than ever before, over 2,000 more leaks this year than we did in 2023/24. We are also in a minority of companies who are on track to achieve their commitment to reduce leakage by 15% by 31 March 2025 and 50% by 2045 (from 2019/20 three year average baseline).

Supply Interruptions

We are delighted to have achieved our best ever performance at 4 minutes and 34 seconds, beating our Final Determination target of 5 minutes and 0 seconds for the first time this AMP. This improved performance is the result of significant investment in our water network and the introduction of our Network Response team during the AMP.

Priority Services Register ('PSR')

We aim to reach out to as many customers as possible to find those who might need additional support from us and we now have 9.9% of our customers signed up to our PSR (ahead of our 9.7% year five ODI target), an increase of eight percentage points on the prior year. Our PSR ensures those who need additional support are prioritised during an incident so we can provide them with bespoke communication and a personalised service.

Treatment Works Compliance

We remain green on Treatment Works Compliance, achieving a performance level of 99.46% of permit conditions (within our regulatory deadband). This is a core metric for EPA that needs to be achieved in order to be awarded EPA 4*. We have outperformed the EPA target for every year of AMP7.

Notwithstanding these areas of strong performance, there are still areas where we are striving to improve:

Pollution Incidents (Cat 1 – Cat 3)

Despite the performance improvements made in some areas, we know there is more we can do to improve our pollutions performance. We have set bold targets to drive performance improvements, supported by scale investment plans and weekly Executive Committee oversight of individual measures. Whilst we are pleased to report that our 'serious pollutions performance' is 'Green' against the Environment Agency's ('EA') EPA target, we are nonetheless disappointed that a single pollution incident in 2024 was classified as 'serious'. The EA classified this incident as CICS Category 2, based on elevated ammonia levels along a length of drainage ditch. However, we have seen no evidence of any consequential harm caused by the incident elevated ammonia. Our performance of 274 pollutions in 2024, versus 239 in 2023, results in an amber status against this specific EPA target, however we remain on track to achieve EPA 4* status.

Water Quality – Compliance Risk Index ('CRI')

We have a continued focus on improving our CRI performance, and this is discussed at every Board meeting. Plans to accelerate the installation of a UV solution at Strensham are being implemented and the UV solution is expected to be operational by December 2025. A dedicated improvement plan has also been put in place, aimed at addressing bacteriological risks to reduce the risk of CRI failures at the site. More broadly, a dedicated in-house water quality commissioning team has been created to review options to accelerate longer term asset and process improvements.

We have shared the benefits of our performance and effective risk management with the communities in our region. We recognise that our region is home to some of the UK's most deprived postcodes, who have felt more financial pressure through the recent period of high inflation and lower disposable household income. We have supported 290,000 of our most vulnerable customers financially, including reducing their water bill by up to 90%. Between 2025 and 2030, we are doubling the number of households who might be eligible to receive financial help with a new £575 million package of support. That means nearly 700,000 households – around one in six customers – will receive some form of support with their bills.

In addition to our affordability approach, we also want to play a role in supporting the communities and address the long-term drivers of poverty. In November 2022 we announced our new Societal Strategy, which aims to help support 100,000 people out of poverty by 2032 by supporting them into employment. Our focus has been on skills development, training, and employment across our target areas within various settings. Maintaining our

'people' and 'place' approach, we have reached close to 10,000 people and delivered over £4 million in Social Value (using the Government's TOMs Framework) during 2024/25.

Our efforts have been concentrated in areas of high deprivation within our region, including Coventry, East Birmingham, Derby, and Leicester, alongside specific initiatives for those facing barriers to employment. Our school partnerships, job fairs, work experience programs, and Discovery Days have enabled us to reach large numbers of people. We have introduced new recruitment initiatives for 'marginalised groups' that focus on creating employment pathways for individuals facing significant barriers to work, such as the long-term unemployed, care-experienced young people, and prison leavers.

In our 2020-25 business plan, we pledged to create a new Severn Trent Community Fund that donates 1% of Severn Trent Water's annual profits after tax (more than £10 million over five years) to good causes in our region. In 2024/25, the Fund has awarded just over £2 million to 113 not-for-profit organisations, directly benefitting nearly 600,000 Severn Trent customers. Since the Fund's inception, we have awarded over £11.6 million to around 900 charitable organisations across our region, benefitting up to 6 million Severn Trent customers. To read more about the individual community projects and businesses we have helped, please see our 2024/25 Community Fund Annual Review.

Environmental performance

Our customers want us to be an environmental leader, and once again we are proud of our achievement against our environmental performance commitments.

In addition to our environmental performance commitments and ODIs (which are included in the performance for customers section above and in our Performance Summary section), we also consider our annual EPA rating, an independent assessment carried out by the Environment Agency for all water companies in England on a calendar year basis. This measures environmental performance across a range of water and wastewater measures and therefore in itself assesses environmental performance in the round.

Our performance against the EPA targets for the last two years is set out in the table below.

	EPA Green Target	Our 2024 performance	Our 2023 performance
Serious pollutions	2	1[1]	0
Category 1 – 3 waste pollutions	191 (2023: 201)	274	239
Discharge permit compliance	99%	99.5%	99.5%
Self-reported pollutions	80%	90%	89%
Water Industry National Environment Programme ('WINEP') delivery	100%	100%	100%
Supply Demand Balance Index	100	100	100
Satisfactory sludge use and disposal	98.2%	100%	100%

1 The EA classified this incident as Category 2 under the Common Incident Classification Scheme, based on elevated ammonia levels along the length of a drainage ditch. However, we have seen no evidence of any consequential harm caused by the elevated ammonia.

To achieve 4* status, companies must have at least six of the seven metrics at green status and no metrics at red status.

We also look at our EPA performance over time when considering dividend distributions. Our EPA performance for AMP7 to date is summarised below:

Calendar year	2023	2022	2021	2020
EPA rating*	4*	4*	4*	4*

Our EPA rating for 2019, the final year of AMP6, was also 4* and we are confident that we will achieve EPA 4* for a sixth consecutive year for our 2024 performance. No other company has ever achieved more than three consecutive years at 4* status. This is against a background of increasingly challenging targets for serious and total pollutions. For the purposes of the EPA, the target for serious pollutions in 2025 is two, although we strive to have no serious pollutions.

Reduction of serious pollutions is a key measure of our environmental performance. Our serious pollutions performance for AMP7 to date is summarised below:

Calendar year	2023	2022	2021	2020
Serious Pollution incidents (categories 1 and 2)	0	1	4*	1

** as a consequence of two water pipe bursts.*

Despite the performance improvements made in some areas, we know there is more we can do to improve our pollutions performance. We want to deliver faster improvements and have set bold targets to drive performance improvements, supported by scale investment plans and weekly Executive Committee oversight of individual measures. Our serious pollutions performance is green against the EPA target with one reported in the year, however it has been another challenging year for our overall pollution performance. We experienced 274 pollutions (2023: 239), and disappointingly did not meet our target this year. Despite a strong start on our PIRP in AMP7 and achieving zero serious pollutions in 2023, we have not achieved the sustained total pollution reduction performance we set out to. Earlier this year, we redefined our PIRP for 2025-30, supported by a £400 million investment over the next two years to deliver the step change in performance that our stakeholders expect. Our investment will improve our resilience and speed of response, and ultimately our performance, through the following activity:

- Creation of a new waste operational control centre – focused on alarm monitoring and management, response to events and implementing immediate solutions ahead of permanent solutions being implemented, such as overpumping.
- Recruiting a dedicated Repeat Prevention Team of technical experts to assess and permanently fix any issues – this team will improve our speed of response to events, to help ensure zero repeats. They will also triple our volume of proactive interventions such as cleansing and lining and undertaking complex repairs in-house.
- Improving the standards and capacity at Sewage Pumping Stations ('SPS') – improving 400 SPS, ensuring we eliminate the risk of repeat incidents from these assets.
- Deploying new technology and innovation at scale – for example on infiltration schemes to reduce the hydraulic pressure on our network and help reduce pollutions, spills and sewer flooding.
- Increased focus on asset monitoring and maintenance, such as screw pumps, to prevent pollutions events.

All of this activity will be supported by the skills and expertise of our people, assisted by specific training delivered though our Academy – including immersive training using our pollutions training river, which provides frontline operatives with hands-on experience in dealing with various types of pollution incidents, helping to reduce potential environmental impacts.

Another key area of environmental performance for us is river health. We recognise that this really matters to our customers and communities. That's why we launched our five Get River Positive pledges in 2022, and we have made progress on each of them. An overview is provided in the Performance Summary section.

Calendar year	2024	2023	2022	2021
Reasons for Not Achieving Good Status ('RNAGS')	10.8%	14%	16%	24%
CSO spills	25.4	25	18	25

We have committed that our operations will not be the reason for any stretch of river in the whole Severn Trent region to be classified as not achieving good status and we currently account for 10.8% RNAGs in our region. We have achieved a steady reduction since we made our commitment in 2021 and are on track to meet our pledge.

In May 2024, we announced our industry leading CSO Improvement Plan, with the objective of improving our wastewater network and reducing storm overflow usage. Over the last year, our teams have worked hard to implement over 1,200 permanent enhancements to eliminate spills from storm overflows across our region, bringing our total to over 1,800 since work commenced. This reflects excellent progress against our initial commitment to deliver 900 enhancements by December 2024.

By Autumn 2025, we will have completed more than 2,100 enhancements. The scale of the project has been made possible by a new dedicated team of 500 people across our organisation and the supply chain. We have delivered an average of 34 projects per week since June 2024, ranging from new storm water storage tanks, innovative wastewater treatment solutions to capture, store and treat flows and flap valves to prevent river inundation when river levels rise during periods of flooding. Early analysis shows our investment is working – and our improvements have helped prevent thousands of spills last year alone, despite a record year of rainfall and extreme weather events resulting in an average of 25.4 spills in the year.

We are proud that this huge engineering programme, delivered at speed, has put us on track to reduce the average number of spills from storm overflows by over 25% from our 2024 levels, reducing spills to an average of 18 per year by December 2025.

Dividends will reward efficiency and the effective management of risks to the Appointed Business

Efficiency and effective risk management are key requisites for delivering sustainable returns for shareholders and other stakeholders. Efficient use and allocation of resources will lead to better outcomes for customers and the environment, lower costs and higher returns. Effective risk management will reduce the probability of risks occurring and reduce their impact if they do. This leads to more stable performance for customers and the environment and sustainable returns.

Efficient performance is reflected in the RoRE base return. Totex or financing outperformance reflects enhanced efficiency. Sustained outperformance over time in either of these areas would support an enhanced dividend. Likewise, sustained underperformance over time would lead to lower dividends.

When setting the dividend for a year, the Board considers the Company's principal risks and how the proposed dividend would impact the Company's financial resilience. In performing this assessment, the Board considers the Company's Enterprise Risk Management framework and the most recent reports that it has received in relation to the Principal Risks.

Principal risks that are directly relevant to the consideration of dividends are:

- failure to fund the defined benefit pension scheme sustainably; and
- failure to ensure sufficient liquidity to meet funding requirements.

The Board specifically considered these risks when approving the dividend for the year and concluded that the dividend was reasonable in relation to the risks.

Dividends will support appropriate gearing and dividends will not impair the ability of the Company to finance the Appointed Business.

Preserving the Company's financial resilience is a key objective for the Board. This involves considering the Company's financial position and its prospects in the short term and for the foreseeable future.

We have a track record of raising equity where appropriate to finance significant investment programmes while maintaining financial resilience. The Company's parent has undertaken two equity placings in the last three years, raising £1.25 billion. The Company's track record of paying dividends that provide a fair return to equity while preserving financial resilience formed a fundamental component of the investment case in raising this equity capital.

The Company monitors its financial position through key metrics including RCV gearing, headroom on committed facilities, and the period for which committed facilities are sufficient to cover anticipated cash outflows, including dividends.

As well as the absolute level of debt, the mix between floating rate, fixed rate and index-linked debt is an important consideration in determining the Company's financing strategy.

Higher levels of index-linked debt bring short-term cash benefits, because a portion of the finance cost is 'rolled up' into the debt principal. But this has the effect of transferring solvency risk from current to future stakeholders at the time that the debt has to be repaid. Higher levels of fixed rate debt increase the cash cost of interest but benefit from inflation eroding the real value of the liability.

The Company's debt structure is the result of its strategy on this matter and the benefits or costs that accrue as a result, including the de-gearing impact of inflation, form part of the Company's performance. In recent periods of higher inflation, the Company's strategy of holding a lower level of index-linked debt than others in the sector has led to higher financing outperformance, which has been retained or reinvested into the Company.

The Company also considers its published credit ratings and the outlook for ratings and seeks to retain stable ratings two notches above the minimum level of BBB-. The forecast outcomes for key metrics that form inputs to the ratings agencies' methodologies are considered as part of the viability review described below.

The Company assesses its prospects through an annual viability statement review, which currently considers a period of seven years from the date that it is approved. This assessment takes into account any dividends planned and forecasts the outcome for key metrics over the period under review, including those that are key components of ratings agencies methodologies.

We recognise that funding RCV growth requires an appropriate balance between equity and debt in order to maintain financial resilience and an efficient capital structure. Our commitment to this was demonstrated in our approach to funding our Green Recovery Programme in the current AMP, where the Company's parent raised

£250 million of new equity, around 40% of the nominal investment required, maintaining our RCV gearing and our financial resilience. We continued this approach in 2023, raising £1 billion from shareholders in the Group parent company, of which £600 million had been invested as equity in the Company by the year end and the remainder is available as needed.

At 31 March 2025 the key metrics were:

Metric	2025	2024
Shadow RCV gearing (%)	62.8	59.9
Credit rating	BBB+	BBB+
Credit rating outlook	Stable	Stable
Period cash flow requirements funded for (months)	18	22

Dividends should promote continued outperformance

The Board considers whether the Company has the resources required to deliver and outperform its commitments, in the round and over time. When taking decisions relating to dividends the Board takes into account the resources available to the Group and whether, after the dividend has been paid, the Company will continue to have sufficient financial resources available to deliver its plans.

Following the investment of £600 million of equity in the year, the Board concluded that the Company has sufficient financial resources to achieve its plans and continue to deliver outperformance for customers and the environment into the next AMP.

Dividends will be transparent

Company Law and Accounting Standards set out minimum disclosures that companies must make in relation to dividends paid and proposed. These disclosures are set out in the Company's Annual Report and Accounts, which is published on our website and filed at Companies House.

In this document we make further disclosures so that our dividend policy – and how decisions leading to the payment of a dividend align with that policy – are transparent to customers and other stakeholders, including how delivery for customers and the environment has been taken into account.

Over a number of years, and taking into account feedback from Ofwat, we have developed an approach to reporting our cumulative returns, amounts distributed and amounts available for future distribution in a transparent manner.

The table below shows our equity return for each year of the AMP, broken down into its major components, together with undistributed outperformance brought forward from the previous AMP and the amounts distributed in each year. We have split our financing outperformance between the element arising from inflation higher than assumed in the Final Determination and 'underlying outperformance'. The table adjacent shows that the outperformance arising from the impacts of inflation on financing have been reinvested in totex.

£m	Base return	ODIs	Totex (Wholesale + Retail)	Financing - underlying performance	Financing - inflation	Financing - other	RoRE	AMP6 b/f	Total
Opening retained return	–	–	–	–	–	–	–	126	126
20-21 returns earned	130	63	(23)	48	(44)	20	194	–	194
Reinvestment	–	–	23	–	–	–	23	(23)	–
Dividends paid	–	–	–	–	–	–	–	(59)	(59)
Returns retained	**130**	**63**	**–**	**48**	**(44)**	**20**	**217**	**44**	**261**
Index to 21-22 prices	135	65	–	50	(46)	21	225	46	271
21-22 returns earned	148	56	6	42	39	49	340	–	340
Dividends paid	(100)	–	–	–	–	–	(100)	(46)	(146)
Returns retained	**183**	**121**	**6**	**92**	**(7)**	**70**	**465**	**–**	**465**
Index to 22-23 prices	198	131	7	100	(8)	76	504	–	504
22-23 returns earned	168	26	2	23	279	35	533	–	533
Dividends paid	(366)	(54)	(6)	–	–	–	(426)	–	(426)
Returns retained	**–**	**103**	**3**	**123**	**271**	**111**	**611**	**–**	**611**
Index to 23-24 prices	–	109	3	130	286	117	645	–	645
23-24 returns earned	185	32	(177)	23	168	34	265	–	265
Reinvestment	–	–	174	–	(174)	–	–	–	–
Dividends paid	(185)	(112)	–	–	–	–	(297)	–	(297)
Returns retained	**–**	**29**	**–**	**153**	**280**	**151**	**613**	**–**	**613**
Restatement	–	61	–	(4)	(5)	36	88	–	88
Index to 24-25 prices		93	–	153	284	193	723	–	723
24-25 returns earned	211	102	(116)	26	76	90	389	–	389
Reinvestment	–	–	116	–	(121)	5	–	–	–
Dividends paid	(191)	–	–	–	–	–	(191)	–	(191)
Dividend proposed	(20)	(195)	–	(144)	–	–	(359)	–	(359)
Returns retained	**–**	**–**	**–**	**35**	**239**	**288**	**562**	**–**	**562**

The returns and dividends are shown in nominal terms. We believe that stakeholders will more easily understand the table if the dividends shown can be directly linked to the amounts actually paid. The table demonstrates that dividends paid in the AMP have been supported by performance over time. In each year we have retained more of our cumulative return than we have distributed.

In the first year of the AMP, the dividend was funded entirely from undistributed returns from AMP6. Underperformance on wholesale totex and retail was also covered by the AMP6 returns. The undistributed base

return and outperformance on ODIs and financing was carried forward to be considered for distribution later in the AMP.

In the second year, the dividend was funded from the undistributed AMP6 returns brought forward and the base return brought forward from the previous year. Outperformance on all other elements of RoRE was carried forward to be considered for distribution later in the AMP.

In the third year, outperformance on ODIs and financing meant a significant net outperformance overall. Having considered the Company's financial position and prospects and continued strong environmental performance reflected in the EPA 4* rating for the fourth consecutive year, the Board considered that the sustained outperformance over time supported an increase in the dividend to distribute a portion of the ODI outperformance delivered for customers in the AMP to date.

In the fourth year we utilised part of the cumulative financing outperformance that arose from the benefits of our strategic debt mix in periods of higher inflation to reinvest in the business through higher totex, offsetting the impacts of higher energy costs. The dividend paid was supported by the base return and our previously undistributed ODI outperformance.

And in the final year of the AMP we again utilised part of the financing outperformance to date that arose from the benefits of our strategic debt mix in periods of higher inflation to reinvest in the business through higher totex. The dividend paid was supported entirely by the base return in the year.

The Board has also proposed a dividend to distribute the remaining base return of £20 million, ODI rewards amounting to £195 million and underlying financing outperformance amounting to £144 million. This leaves £552 million of financing outperformance retained by the company.

A key factor in determining how much of the accumulated outperformance could be distributed was the Company's financial position at the balance sheet date and its prospects, in particular, the RCV gearing ratio at the balance sheet date and the forecasts for AMP8. This took into account factors that might impact the RCV gearing ratio including:

- the availability of up to £400 million equity, which has already been raised from external shareholders by the Group parent company;
- the AMP8 capital programme to be delivered;
- the impact of our Get River Positive pledges and other investment needed to reduce CSO spills and our share of RNAGS in our region; and
- our plans, agreed with the Trustee, to fund our defined benefit pension obligations.

At the balance sheet date, after taking account of the dividend paid, the Company's retained distributable reserves under the Companies Act amounted to £1,974 million.

THE BOARD'S ASSESSMENT AND DECISION

During the year the appointed business paid a dividend of £191 million, representing a yield of 3.6% on the company's regulatory equity. Our RoRE in the year, based on the actual capital structure, was 8.8%.

The total dividends paid during this AMP represents a yield of 5.0% for the AMP, 6.5% including the proposed dividend. Our cumulative RoRE for the AMP was 8.6%.

We have set out above our assessment of the Company's performance in the round and over time in relation to customers, the environment and other stakeholders that the Board has considered in its dividend decisions.

The Board considered that the dividend paid of £191 million and the dividend proposed of £359 million are supported by the Company's performance for customers and the environment over time.

We will continue to disclose transparently, the amounts distributed as dividends, and the matters considered by the Board in applying the dividend policy and setting the dividend.

REGULATORY ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2025

INDEPENDENT AUDITOR'S REPORT TO THE WATER SERVICES REGULATION AUTHORITY (THE WSRA) AND THE DIRECTORS OF SEVERN TRENT WATER LIMITED

OPINION

We have audited the sections of Severn Trent Water Limited's (the "Company") Annual Performance Report for the year ended 31 March 2025 ("the Regulatory Accounting Statements") which comprise:

- the regulatory financial reporting tables comprising the income statement (table 1A), the statement of comprehensive income (table 1B), the statement of financial position (table 1C), the statement of cash flows (table 1D), the net debt analysis (table 1E), lines 1F.1 to 1F.3, 1F.5 to 1F.8, 1F.12 to 1F.14, 1F.21 to 1F.22 and 1F.24 to 1F.26 of the statement of financial flows (table 1F) and the related notes; and
- the regulatory price review and other segmental reporting tables comprising the segmental income statement (table 2A), the totex analysis (wholesale) (table 2B), the cost analysis (retail) (table 2C), the historical cost analysis of fixed assets (table 2D), the analysis of grants and contributions (table 2E), the residential retail (table 2F), the non-household water revenues by tariff type (table 2G), the non-household wastewater revenues by tariff type (table 2H), the revenue analysis (table 2I), the infrastructure network reinforcement costs (table 2J), the infrastructure charges reconciliation (table 2K), the analysis of land sales (table 2L), the revenue analysis and wholesale control reconciliation (table 2M), household affordability support and debt (table 2N) and historical cost analysis of intangible assets (table 2O) and the related notes.

We have not audited lines 1F.4, 1F.9 to 1F.11, 1F.15 to 1F.20 and 1F.23 of the statement of financial flows (table 1F), the Outcome performance table (tables 3A to 3I) or the additional regulatory information in tables 4A to 4Z, 5A to 5B, 6A to 6F, 7A to 7F, 8A to 8D, 9A, 10A to 10H and 11A.

In our opinion, Severn Trent Water Limited's Regulatory Accounting Statements have been prepared, in all material aspects, in accordance with Condition F, the Regulatory Accounting Guidelines issued by the WSRA (RAG 1.09, RAG 2.09, RAG 3.15, RAG 4.13 and RAG 5.07) and the accounting policies (including the Company's published accounting methodology statement, as defined in RAG 3.15, appendix 2), set out on pages 95 and 96.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)"), including ISA (UK) 800, and having regard to the guidance contained in ICAEW Technical Release Tech 02/16 AAF (Revised) 'Reporting to Regulators on Regulatory Accounts' issued by the Institute of Chartered Accountants in England & Wales.

Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the Regulatory Accounting Statements within the Annual Performance Report section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit, including the Financial Reporting Council's (FRC's) Ethical Standard as applied to public interest entities, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

EMPHASIS OF MATTER – SPECIAL PURPOSE BASIS OF PREPARATION

We draw attention to the fact that the Regulatory Accounting Statements have been prepared in accordance with a special purpose framework, Condition F, the Regulatory Accounting Guidelines, the accounting policies (including the Company's published accounting methodology statement, as defined in RAG 3.15, appendix 2) set out in the statement of accounting policies and under the historical cost convention. The nature, form and content of the Regulatory Accounting Statements are determined by the WSRA. As a result, the Regulatory Accounting Statements may not be suitable for another purpose. It is not appropriate for us to assess whether the nature of the information being reported upon is suitable or appropriate for the WSRA's purposes. Accordingly we make no such assessment. In addition, we are not required to assess whether the methods of cost allocation set out in the accounting methodology statement are appropriate to the circumstances of the Company or whether they meet the requirements of the WSRA.

The Regulatory Accounting Statements are separate from the statutory financial statements of the Company and have not been prepared under the basis of international accounting standards in conformity with the requirements of the Companies Act 2006 ("UK IASs"). Financial information other than that prepared on the basis of UK IASs does not necessarily represent a true and fair view of the financial performance or financial position of a Company as shown in statutory financial statements prepared in accordance with the Companies Act 2006.

The Regulatory Accounting Statements on pages 85 to 105 have been drawn up in accordance with Regulatory Accounting Guidelines with a number of departures from IASs. A summary of the effect of these departures in the Company's statutory financial statements is included in the tables within section 1.

Our opinion is not modified in respect of this matter.

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the Regulatory Accounting Statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the Regulatory Accounting Statements is appropriate.

Our evaluation of the directors' assessment of the Group and parent company's ability to continue to adopt the going concern basis of accounting included:

- reviewing the Group's borrowing arrangements, in particular the level of committed undrawn facilities including the £1 billion revolving credit and bilateral facilities, the level of cash held by the Severn Trent Water Group (£683.1m at 31 March 2025) and the sufficiency of headroom available in the forecasts (cash and covenants);
- assessing the assumptions used in the cash flow forecasts for consistency with Board approved budgets and future plans for AMP8 together with reviewing the sensitivity analysis relating to these assumptions;
- testing the arithmetical accuracy of the model used to prepare the cash flow forecasts including obtaining an understanding of relevant controls over management's model and assessing the sophistication of the model used to prepare the forecasts;
- evaluating historical accuracy of forecasts prepared by management;
- assessing the impact of risks and uncertainties on the business model and medium-term risks;
- assessing the consistency of management's going concern forecasts with those of Severn Trent Plc; and
- assessing the appropriateness of the Group's disclosure concerning the going concern basis.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

OTHER INFORMATION

The other information comprises all of the information in the Annual Performance Report other than the Regulatory Accounting Statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the Regulatory Accounting Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Regulatory Accounting Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Regulatory Accounting Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the Regulatory Accounting Statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report based on these responsibilities.

RESPONSIBILITIES OF THE DIRECTORS FOR THE ANNUAL PERFORMANCE REPORT

As explained more fully in the Statement of Directors' Responsibilities set out on page 60, the directors are responsible for the preparation of the Annual Performance Report in accordance with Condition F, the Regulatory Accounting Guidelines issued by the WSRA and the Company's accounting policies (including the Company's published accounting methodology statement, as defined in RAG 3.15, appendix 2).

The directors are also responsible for such internal control as they determine is necessary to enable the preparation of the Annual Performance Report that is free from material misstatement, whether due to fraud or error.

In preparing the Annual Performance Report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE REGULATORY ACCOUNTING STATEMENTS WITHIN THE ANNUAL PERFORMANCE REPORT

Our objectives are to obtain reasonable assurance about whether the Regulatory Accounting Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Regulatory Accounting Statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

We considered the nature of the Company's industry and its control environment, and reviewed the Company's documentation of its policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about its own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the Regulatory Accounting Statements. These included Regulatory Accounting Guidelines as issued by the WRSA, UK Companies Act, pensions legislation and tax legislation; and
- do not have a direct effect on the Regulatory Accounting Statements but compliance with which may be fundamental to the Company's ability to operate or to avoid a material penalty. These included the Company's operating licence, regulatory solvency requirements and environmental regulations.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the Audit and Risk Committee and in-house legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and
- reading minutes of meetings of those charged with governance, the Audit and Risk Committee, reviewing internal audit reports and reviewing correspondence with HMRC and WSRA.

A further description of our responsibilities for the audit of the Regulatory Accounting Statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

USE OF THIS REPORT

This report is made, on terms that have been agreed, solely to the Company and the WSRA in order to meet the requirements of Condition F of the Instrument of Appointment granted by the Secretary of State for the Environment to the Company as a water and sewage undertaker under the Water Industry Act 1991 ("Condition F"). Our audit work has been undertaken so that we might state to the Company and the WSRA those matters that we have agreed to state to them in our report, in order (a) to assist the Company to meet its obligation under Condition F to procure such a report and (b) to facilitate the carrying out by the WSRA of its regulatory functions, and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the WSRA, for our audit work, for this report or for the opinions we have formed.

Our opinion on the Regulatory Accounting Statements is separate from our opinion on the statutory financial statements of the Company for the year ended 31 March 2025 on which we reported on 9 July 2025, which are prepared for a different purpose. Our audit report in relation to the statutory financial statements of the Company (our "Statutory audit") was made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our statutory audit work was undertaken so that we might state to the Company's members those matters we are required to state to them in a statutory audit report and for no other purpose. In these circumstances, to the fullest extent permitted by law, we do not accept or assume responsibility for any other purpose or to any other person to whom our Statutory audit report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Deloitte LLP

Deloitte LLP

London, United Kingdom

9 July 2025

1A – INCOME STATEMENT

Year ended 31 March 2025

	Line description	Statutory	Adjustments: Differences between statutory and RAG definitions	Adjustments: Non-appointed	Adjustments: Total adjustments	Total appointed activities
		£m	£m	£m	£m	£m
1A.1	Revenue	2,213.806	-86.667	-22.254	-108.921	2,104.885
1A.2	Operating costs	-1,626.434	46.563	21.493	68.056	-1,558.378
1A.3	Other operating income	17.030	-14.812	0.000	-14.812	2.218
1A.4	**Operating profit**	**604.402**	**-54.916**	**-0.761**	**-55.677**	**548.725**
1A.5	Other income	0.000	62.713	0.000	62.713	62.713
1A.6	Interest income	123.983	-83.400	0.000	-83.400	40.583
1A.7	Interest expense	-365.091	-7.462	0.000	-7.462	-372.553
1A.8	Other interest expense	0.000	-9.879	0.000	-9.879	-9.879
1A.9	**Profit before tax and fair value movements**	**363.294**	**-92.944**	**-0.761**	**-93.705**	**269.589**
1A.10	Fair value gains/(losses) on financial instruments	34.277	0.000	-48.976	-48.976	-14.699
1A.11	**Profit before tax**	**397.571**	**-92.944**	**-49.737**	**-142.681**	**254.890**
1A.12	UK Corporation tax	30.132	0.000	0.190	0.190	30.322
1A.13	Deferred tax	-112.242	23.237	0.000	23.237	-89.005
1A.14	**Profit for the year**	**315.461**	**-69.707**	**-49.547**	**-119.254**	**196.207**
1A.15	Dividends	-192.000	0.000	0.571	0.571	-191.429

A	Tax analysis					
1A.16	Current year	-25.153	0.000	-0.190	-0.190	-25.343
1A.17	Adjustment in respect of prior years	-4.979	0.000	0.000	0.000	-4.979
1A.18	**UK Corporation tax**	**-30.132**	**0.000**	**-0.190**	**-0.190**	**-30.322**

B	Analysis of non-appointed revenue	Non-appointed £m
1A.19	Imported sludge	0.452
1A.20	Tankered waste	14.373
1A.21	Other non-appointed revenue	7.429
1A.22	**Revenue**	**22.254**

The differences between statutory and RAG definitions are outlined in the following table:

Line description	Adjustments: Capitalisation of interest and related depreciation	Adjustments: Share of Group pension scheme	Reclassifications: External power, gas and sludge products income	Reclassifications: IR Income	Reclassifications: Repair of damages	Reclassifications: P&L on disposal	Reclassifications: Non operating income and deferred credits	Reclassifications: Pension interest	Total differences
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Revenue	-	-	-42.844	-28.211	1.860	-	-17.472	-	-86.667
Operating costs	7.517	0.280	42.844	-	-1.860	-2.218	-	-	46.563
Other operating income	-	-	-	-	-	2.218	-17.030	-	-14.812
Operating profit	7.517	0.280	-	-28.211	-	-	-34.502	-	-54.916
Other income	-	-	-	28.211	-	-	34.502	-	62.713
Interest income	-	-	-	-	-	-	-	-83.400	-83.400
Interest expense	-101.162	-	-	-	-	-	-	93.700	-7.462
Other interest expense	-	0.421	-	-	-	-	-	-10.300	-9.879
Profit before tax and fair value movements	-93.645	0.701	-	-	-	-	-	-	-92.944
Fair value gains/(losses) on financial instruments	-	-	-	-	-	-	-	-	-
Profit before tax	-93.645	0.701	-	-	-	-	-	-	-92.944
UK Corporation tax	-	-	-	-	-	-	-	-	-
Deferred tax	23.412	-0.175	-	-	-	-	-	-	23.237
Profit for the year	**-70.233**	**0.526**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**-69.707**

1B – STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2025

	Line description	Statutory	Adjustments: Differences between statutory and RAG definitions	Adjustments: Non-appointed	Adjustments: Total adjustments	Total appointed activities
		£m	£m	£m	£m	£m
1B.1	Profit for the year	315.461	-69.707	-49.547	-119.254	196.207
1B.2	Actuarial gains/(losses) on post-employment plans	28.145	-9.769	0.000	-9.769	18.376
1B.3	Other comprehensive income	6.459	0.000	0.000	0.000	6.459
1B.4	**Total Comprehensive income for the year**	**350.065**	**-79.476**	**-49.547**	**-129.023**	**221.042**

The differences between statutory and RAG definitions are outlined in the following table:

	Per Income Statement	Share of Group pension scheme	Deferred tax on Share of Group pension scheme	Total differences
	£m	£m	£m	£m
Profit for the year	-69.707	-	-	-69.707
Actuarial gains/(losses) on post-employment plans	-	-13.025	3.256	-9.769
Other comprehensive income	-	-	-	-
Total Comprehensive income for the year	**-69.707**	**-13.025**	**3.256**	**-79.476**

1C – STATEMENT OF FINANCIAL POSITION

Year ended 31 March 2025

Line description		Statutory	Adjustments			Total appointed activities
			Differences between statutory and RAG definitions	Non-appointed	Total adjustments	
		£m	£m	£m	£m	£m
A	Non-current assets					
1C.1	Fixed assets	12,953.485	-434.607	-2.263	-436.870	12,516.615
1C.2	Intangible assets	223.007	0.000	0.000	0.000	223.007
1C.3	Investments - loans to group companies	16.481	-16.481	0.000	-16.481	0.000
1C.4	Investments - other	1,734.306	0.000	-1,734.306	-1,734.306	0.000
1C.5	Financial instruments	59.921	0.000	0.000	0.000	59.921
1C.6	Retirement benefit assets	0.000	0.000	0.000	0.000	0.000
1C.7	**Total non-current assets**	**14,987.200**	**-451.088**	**-1,736.569**	**-2,187.657**	**12,799.543**
B	Current assets					
1C.8	Inventories	14.450	0.000	-0.189	-0.189	14.261
1C.9	Trade & other receivables	822.743	16.481	2.400	18.881	841.624
1C.10	Financial instruments	6.756	0.000	0.000	0.000	6.756
1C.11	Cash & cash equivalents	683.126	0.000	0.000	0.000	683.126
1C.12	**Total current assets**	**1,527.075**	**16.481**	**2.211**	**18.692**	**1,545.767**
C	Current liabilities					
1C.13	Trade & other payables	-814.702	141.995	0.000	141.995	-672.707
1C.14	Capex creditor	0.000	-112.034	0.000	-112.034	-112.034
1C.15	Borrowings	-529.640	0.000	0.000	0.000	-529.640
1C.16	Financial instruments	-2.909	0.000	0.000	0.000	-2.909
1C.17	Current tax liabilities	0.000	0.000	0.000	0.000	0.000
1C.18	Provisions	-39.462	0.000	0.000	0.000	-39.462
1C.19	**Total current liabilities**	**-1,386.713**	**29.961**	**0.000**	**29.961**	**-1,356.752**
1C.20	**Net Current assets/(liabilities)**	**140.362**	**46.442**	**2.211**	**48.653**	**189.015**
D	Non-current liabilities					
1C.21	Trade & other payables	-1,817.503	1,817.503	0.000	1,817.503	0.000
1C.22	Borrowings	-8,672.963	0.000	0.000	0.000	-8,672.963
1C.23	Financial instruments	-44.622	0.000	0.000	0.000	-44.622
1C.24	Retirement benefit obligations	-119.300	2.586	0.000	2.586	-116.714
1C.25	Provisions	-30.596	0.000	0.000	0.000	-30.596
1C.26	Deferred income – grants & contributions	0.000	-924.364	0.000	-924.364	-924.364
1C.27	Deferred income - adopted assets	0.000	-923.100	0.000	-923.100	-923.100
1C.28	Preference share capital	0.000	0.000	0.000	0.000	0.000
1C.29	Deferred tax	-1,436.208	108.006	0.000	108.006	-1,328.202
1C.30	**Total non-current liabilities**	**-12,121.192**	**80.631**	**0.000**	**80.631**	**-12,040.561**
1C.31	**Net assets**	**3,006.370**	**-324.015**	**-1,734.358**	**-2,058.373**	**947.997**
E	Equity					
1C.32	Called up share capital	601.250	0.000	0.000	0.000	601.250
1C.33	Retained earnings & other reserves	2,405.120	-324.015	-1,734.358	-2,058.373	346.747
1C.34	**Total Equity**	**3,006.370**	**-324.015**	**-1,734.358**	**-2,058.373**	**947.997**

The differences between statutory and RAG definitions are outlined in the following table:

	Adjustments		Reclassifications			
	Capitalisation of interest	Share of Group pension scheme	Non-current trade receivables reclassification	Capital creditor reclass	Deferred income reclass	Total differences
	£m	£m	£m	£m	£m	£m
Non-current assets						
Fixed assets	-434.607	-	-	-	-	-434.607
Intangible assets	-	-	-	-	-	-
Investments - loans to group companies	-	-	-16.481	-	-	-16.481
Investments - other	-	-	-	-	-	-
Financial instruments	-	-	-	-	-	-
Retirement benefit assets	-	-	-	-	-	-
Total non-current assets	**-434.607**	**-**	**-16.481**	**-**	**-**	**-451.088**
Current assets						
Inventories	-	-	-	-	-	-
Trade & other receivables	-	-	16.481	-	-	16.481
Financial instruments	-	-	-	-	-	-
Cash & cash equivalents	-	-	-	-	-	-
Total current assets	**-**	**-**	**16.481**	**-**	**-**	**16.481**
Current liabilities						
Trade & other payables	-	-	-	112.034	29.961	141.995
Capex creditor	-	-	-	-112.034	-	-112.034
Borrowings	-	-	-	-	-	-
Financial instruments	-	-	-	-	-	-
Current tax liabilities	-	-	-	-	-	-
Provisions	-	-	-	-	-	-
Total current liabilities	**-**	**-**	**-**	**-**	**29.961**	**29.961**
Net Current assets/(liabilities)	**-**	**-**	**16.481**	**-**	**29.961**	**46.442**
Non-current liabilities						
Trade & other payables	-	-	-	-	1,817.503	1,817.503
Borrowings	-	-	-	-	-	-
Financial instruments	-	-	-	-	-	-
Retirement benefit obligations	-	2.586	-	-	-	2.586
Provisions	-	-	-	-	-	-
Deferred income – grants & contributions	-	-	-	-	-924.364	-924.364
Deferred income - adopted assets	-	-	-	-	-923.100	-923.100
Preference share capital	-	-	-	-	-	-
Deferred tax	108.652	-0.646	-	-	-	108.006
Total non-current liabilities	**108.652**	**1.940**	**-**	**-**	**-29.961**	**80.631**
Net assets	**-325.955**	**1.940**	**-**	**-**	**-**	**-324.015**
Equity						
Called up share capital	-	-	-	-	-	-
Retained earnings & other reserves	-325.955	1.940	-	-	-	-324.015
Total Equity	**-325.955**	**1.940**	**-**	**-**	**-**	**-324.015**

1D – STATEMENT OF CASH FLOW

Year ended 31 March 2025

	Line description	Statutory	Adjustments: Differences between statutory and RAG definitions	Adjustments: Non-appointed	Adjustments: Total adjustments	Total appointed activities
		£m	£m	£m	£m	£m
A	Operating activities					
1D.1	Operating profit	604.402	-54.916	-0.761	-55.677	548.725
1D.2	Other income	43.100	2.141	0.000	2.141	45.241
1D.3	Depreciation	424.445	-7.517	0.000	-7.517	416.928
1D.4	Amortisation – Grants & contributions	-17.472	17.472	0.000	17.472	0.000
1D.5	Changes in working capital	-89.728	0.000	0.000	0.000	-89.728
1D.6	Pension contributions	-65.500	0.000	0.000	0.000	-65.500
1D.7	Movement in provisions	-20.438	-0.280	0.000	-0.280	-20.718
1D.8	Profit on sale of fixed assets	-2.218	0.000	0.000	0.000	-2.218
1D.9	**Cash generated from operations**	**876.591**	**-43.100**	**-0.761**	**-43.861**	**832.730**
1D.10	Net interest paid	-245.900	0.000	0.000	0.000	-245.900
1D.11	Tax paid	-5.000	0.000	0.190	0.190	-4.810
1D.12	**Net cash generated from operating activities**	**625.691**	**-43.100**	**-0.571**	**-43.671**	**582.020**
B	Investing activities					
1D.13	Capital expenditure	-1,553.200	0.000	0.000	0.000	-1,553.200
1D.14	Grants & contributions	0.000	43.100	0.000	43.100	43.100
1D.15	Disposal of fixed assets	2.200	0.000	0.000	0.000	2.200
1D.16	Other	0.000	0.000	0.000	0.000	0.000
1D.17	**Net cash used in investing activities**	**-1,551.000**	**43.100**	**0.000**	**43.100**	**-1,507.900**
1D.18	**Net cash generated before financing activities**	**-925.309**	**0.000**	**-0.571**	**-0.571**	**-925.880**
C	Cashflows from financing activities					
1D.19	Equity dividends paid	-192.000	0.000	0.571	0.571	-191.429
1D.20	Net loans received	1,376.335	0.000	0.000	0.000	1,376.335
1D.21	Cash inflow from equity financing	0.000	0.000	0.000	0.000	0.000
1D.22	**Net cash generated from financing activities**	**1,184.335**	**0.000**	**0.571**	**0.571**	**1,184.906**
1D.23	**Increase (decrease) in net cash**	**259.026**	**0.000**	**0.000**	**0.000**	**259.026**

The differences between statutory and RAG definitions are outlined in the following table:

	Adjustments: Depreciation on capitalised interest	Adjustments: Grants and contributions adjustment	Reclassifications: Share of Group pension scheme	Reclassifications: Infrastructure renewals income	Reclassifications: Non-operating income reclass	Total differences
	£m	£m	£m	£m	£m	£m
Operating activities						
Operating profit	7.517	-	0.280	-28.211	-34.502	-54.916
Other income	-	-43.100	-	28.211	17.030	2.141
Depreciation	-7.517	-	-	-	-	-7.517
Amortisation – Grants & contributions	-	-	-	-	17.472	17.472
Changes in working capital	-	-	-	-	-	-
Pension contributions	-	-	-	-	-	-
Movement in provisions	-	-	-0.280	-	-	-0.280
Profit on sale of fixed assets	-	-	-	-	-	-
Cash generated from operations	**-**	**-43.100**	**-**	**-**	**-**	**-43.100**
Net interest paid	-	-	-	-	-	-
Tax paid	-	-	-	-	-	-
Net cash generated from operating activities	**-**	**-43.100**	**-**	**-**	**-**	**-43.100**
Investing activities						
Capital expenditure	-	-	-	-	-	-
Grants & contributions	-	43.100	-	-	-	43.100
Disposal of fixed assets	-	-	-	-	-	-
Other	-	-	-	-	-	-
Net cash used in investing activities	**-**	**43.100**	**-**	**-**	**-**	**43.100**
Net cash generated before financing activities	**-**	**-**	**-**	**-**	**-**	**-**
Cashflows from financing activities						
Equity dividends paid	-	-	-	-	-	-
Net loans received	-	-	-	-	-	-
Cash inflow from equity financing	-	-	-	-	-	-
Net cash generated from financing activities	**-**	**-**	**-**	**-**	**-**	**-**
Increase/ (decrease) in net cash	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**

1E – NET DEBT ANALYSIS

Year ended 31 March 2025

	Line description	Fixed rate	Floating rate	Index Linked		Total
				RPI	CPI/CPIH	
		£m	£m	£m	£m	£m
A	Interest rate risk profile					
1E.1	Borrowings (excluding preference shares)	6,217.883	686.768	1,185.491	1,066.305	**9,156.447**
1E.2	Preference share capital	-	-	-	-	**-**
1E.3	Total borrowings	6,217.883	686.768	1,185.491	1,066.305	**9,156.447**
1E.4	Cash					**-2.212**
1E.5	Short term deposits					**-680.914**
1E.6	Net Debt					**8,473.321**
B	Gearing					
1E.7	Gearing					**62.682%**
1E.8	Adjusted Gearing					**62.682%**
C	Interest					
1E.9	Full year equivalent nominal interest cost	261.434	42.457	63.925	42.981	**410.797**
1E.10	Full year equivalent cash interest payment	261.434	42.457	25.184	14.870	**343.945**
D	Indicative interest rates					
1E.11	Indicative weighted average nominal interest rate	4.205%	6.182%	5.392%	4.031%	**4.486%**
1E.12	Indicative weighted average cash interest rate	4.205%	6.182%	2.124%	1.395%	**3.756%**
E	Time to maturity					
1E.13	Weighted average years to maturity	9.340	4.525	28.090	18.543	**12.841**

The below table shows the reconciliation from borrowings within Table 1C to borrowings in Table 1E:

	Total	Notes
	£m	
Current borrowings	529.640	Table 1C Line 15
Non-current borrowings	8,672.963	Table 1C Line 22
Borrowings (Table 1C)	**9,202.603**	IFRS measurement basis
Less: Fair value accounting adjustments	-23.140	
Less: Exchange Adjustments and unhedged debt	-9.440	
Add: Premium/discount and issuance costs	21.124	
Less: Accretion on index linked swaps	-34.700	
Borrowings (Table 1E)	**9,156.447**	Table 1E Line 1 notional value basis

1F – FINANCIAL FLOWS (PRICE BASE – 2017/18 CPIH AVERAGE)

Year ended 31 March 2025

	Line description	12 Months ended 31 March 2025						Average 2020-25					
		Notional returns and notional regulatory equity	Actual returns and notional regulatory equity	Actual returns and actual regulatory equity	Notional returns and notional regulatory equity	Actual returns and notional regulatory equity	Actual returns and actual regulatory equity	Notional returns and notional regulatory equity	Actual returns and notional regulatory equity	Actual returns and actual regulatory equity	Notional returns and notional regulatory equity	Actual returns and notional regulatory equity	Actual returns and actual regulatory equity
		%	%	%	£m	£m	£m	%	%	%	£m	£m	£m
A	Regulatory equity												
1F.1	Regulatory equity	4,146.333	4,146.333	4667.866	-	-	-	3,757.277	3,757.277	3,622.007	-	-	-
B	Return on regulatory equity												
1F.2	Return on regulatory equity	3.96%	4.46%	3.96%	164.161	184.809	184.809	4.02%	3.87%	4.02%	150.874	145.442	145.442
C	Financing												
1F.3	Impact of movement from notional gearing	-	-0.50%	-0.18%	-	-20.648	-8.617	-	0.14%	0.03%	-	5.432	1.115
1F.4	Gearing benefits sharing	-	0.00%	0.00%	-	0.000	0.000	-	0.00%	0.00%	-	0.000	0.000
1F.5	Variance in corporation tax	-	1.78%	1.58%	-	73.680	73.680	-	1.19%	1.24%	-	44.762	44.762
1F.6	Group relief	-	0.00%	0.00%	-	0.000	0.000	-	0.00%	0.00%	-	0.000	0.000
1F.7	Cost of debt	-	1.64%	1.32%	-	67.972	61.626	-	2.73%	2.83%	-	102.581	102.655
1F.8	Hedging instruments	-	0.19%	0.16%	-	7.700	7.700	-	0.27%	0.28%	-	10.132	10.132
1F.9	**Return on regulatory equity including Financing adjustments**	**3.96%**	**7.57%**	**6.84%**	**164.161**	**313.513**	**319.198**	**4.02%**	**8.20%**	**8.40%**	**150.874**	**308.349**	**304.106**
D	Operational performance												
1F.10	Totex under performance	-	-1.79%	-1.59%	-	-74.155	-74.155	-	-1.21%	-1.25%	-	-45.303	-45.303
1F.11	ODI out performance	-	3.37%	3.00%	-	139.810	139.810	-	1.67%	1.73%	-	62.668	62.668
1F.12	C-Mex under performance	-	-0.05%	-0.05%	-	-2.125	-2.125	-	-0.01%	-0.01%	-	-0.377	-0.377
1F.13	D-Mex out performance	-	0.08%	0.07%	-	3.245	3.245	-	0.07%	0.07%	-	2.648	2.648
1F.14	Retail under performance	-	-0.41%	-0.37%	-	-17.094	-17.094	-	-0.22%	-0.23%	-	-8.440	-8.440
1F.15	Other exceptional items	-	0.03%	0.02%	-	1.128	1.128	-	0.05%	0.05%	-	1.916	1.916
1F.16	**Operational performance total**	**-**	**1.23%**	**1.08%**	**-**	**50.809**	**50.809**	**-**	**0.35%**	**0.36%**	**-**	**13.112**	**13.112**
1F.17	**RoRE (return on regulatory equity)**	**3.96%**	**8.80%**	**7.92%**	**164.161**	**364.322**	**370.007**	**4.02%**	**8.55%**	**8.76%**	**150.874**	**321.461**	**317.218**
1F.18	RCV growth	3.46%	3.46%	3.46%	143.463	143.463	161.508	5.34%	5.34%	5.34%	200.714	200.714	193.488
1F.19	Voluntary sharing arrangements	-	-	-	-	-	-	-	-	-	-	-	-
1F.20	**Total shareholder return**	**7.42%**	**12.26%**	**11.38%**	**307.624**	**507.785**	**531.515**	**9.36%**	**13.89%**	**14.10%**	**351.588**	**522.175**	**510.706**

1F – FINANCIAL FLOWS (PRICE BASE – 2017/18 CPIH AVERAGE) (CONT.)

Year ended 31 March 2025

Line description		12 Months ended 31 March 2025						Average 2020-25					
		Notional returns and notional regulatory equity	Actual returns and notional regulatory equity	Actual returns and actual regulatory equity	Notional returns and notional regulatory equity	Actual returns and notional regulatory equity	Actual returns and actual regulatory equity	Notional returns and notional regulatory equity	Actual returns and notional regulatory equity	Actual returns and actual regulatory equity	Notional returns and notional regulatory equity	Actual returns and notional regulatory equity	Actual returns and actual regulatory equity
		%	%	%	£m	£m	£m	%	%	%	£m	£m	£m
E	Dividends												
1F.21	Gross Dividend	3.00%	3.59%	3.19%	124.390	148.835	148.335	3.00%	5.00%	5.18%	112.718	187.751	187.751
1F.22	Interest Receivable on Intercompany loans	-	0.00%	0.00%	-	0.148	0.148	-	0.04%	0.05%	-	1.672	1.672
1F.23	**Retained Value**	**4.42%**	**8.67%**	**8.19%**	**183.234**	**358.802**	**382.532**	**6.36%**	**8.85%**	**8.87%**	**238.869**	**332.752**	**321.283**
F	Cash impact of 2015-20 performance adjustments												
1F.24	Totex out / under performance	-	0.08%	0.07%	-	3.189	3.189	-	0.08%	0.08%	-	3.013	3.013
1F.25	ODI out / under performance	-	0.84%	0.74%	-	34.749	34.749	-	0.87%	0.91%	-	32.830	32.830
1F.26	**Total out / under performance**	**-**	**0.92%**	**0.81%**	**-**	**37.938**	**37.938**	**-**	**0.95%**	**0.99%**	**-**	**35.843**	**35.843**

1F – FINANCIAL FLOWS

Year ended 31 March 2025

The financial flows table shows how company returns compare under the actual capital structure and the notional structure set out in the Final Determination (FD).

Return on Regulated Equity (RoRE) is a key part of these financial flows, reflecting our overall performance on totex, customer ODIs, and financing, relative to the base return set in the FD.

The table below summarises the main components of RoRE.

	2024/25	AMP average
	%	%
Base return (including fast track reward)	4.0%	4.0%
Financing	3.6%	4.2%
Totex	-1.8%	-1.2%
Retail	-0.4%	-0.2%
ODI (including C-Mex and D-Mex)	3.4%	1.7%
Land sales	0.0%	0.1%
Regulatory return for the year	**8.8%**	**8.6%**

We have outperformed the FD by 4.8% in the year and 4.6% over the AMP. Performance has been generated through our sector leading performance on ODIs, and our effective AMP7 financing strategy of maintaining low index linked debt on financing performance.

The key components of RoRE and financial flows are discussed further below. All values are stated in 2017-18 prices.

2024/25 REGULATED EQUITY

As explained in our query of 11th June 2025, we understood that the rationale for applying the RCV midnight adjustments as of 31 March 2025 was to support companies' ability to raise finance during the 2024–25 period. However, we remain unclear on the reasoning behind Ofwat's decision to update the 2024-25 Financial Flows Data Allowances model using the RCV inclusive of these midnight adjustments as the basis for calculating RoRE. This approach also appears inconsistent with the annual RCV publication, which presents notional regulated equity excluding the midnight adjustments on the 'SummaryOutput' and 'SummaryTables' worksheets. In contrast the ODI performance models continue to require use of the RCV excluding the midnight adjustments.

We believe this approach introduces an inconsistency in how the adjustments are applied across both sides of the RoRE calculation. For example, in assessing totex performance, the RAGs require companies to exclude WINEP real options, green recovery, and transition expenditure, as these were not included in the Final Determination allowances. However, the corresponding adjustments are now being added to the regulated equity (denominator). Furthermore, the base return of 4.0% assumed for 2024–25 is no longer accurate, as it was calculated using the RCV prior to the application of the midnight adjustments. The change in approach from applying the expected notional regulated equity based on the FD has reduced our reported RoRE for 2024–25 by 50 basis points and lowered the AMP average by 10 basis points.

BASE REGULATED EQUITY RETURN

The FD base equity return of 4.0% represents the base notional return before post financeability adjustments as set out in the Financial Flows Data Allowances model.

FINANCING PERFORMANCE

The financing component of financial flows covers performance on financing and corporation tax.

Financing

In the absence of updated guidance within the RAGs on whether companies should include midnight adjustments in the RCV when calculating cost of debt performance, we have used the pre-adjusted RCV. Including midnight adjustments would result in presenting our cost of debt performance in Table 1F on a different basis from the other components of RoRE, which have not been adjusted for the effects of the midnight adjustments. It would also create a misalignment with our actual cost of debt, which, as explained below, excludes Green Recovery and Transition expenditure.

We have maintained our upper quartile financing performance throughout the AMP due to our AMP7 financing strategy of maintaining a low level of index-linked debt. Higher inflation than the FD assumption of 2% has also contributed to reducing our real cost of debt in the year to a rate of 1.0%, which is 1.3% lower than the FD. Consistent with the other components of RoRE (totex, ODIs, and tax), we have excluded the impact of financing our Green Recovery programme and Transition expenditure from both net debt and interest costs, as we did in 2023-24.

We have also seen a small benefit of £7.7 million relating to the impact of interest rate swaps on our cost of debt, which includes the accretion on RPI/CPI swaps of £1.7 million (in 2017/18 prices) as reported in our interest charge in the **Income statement of the 2024/25 consolidated Severn Trent Water Limited Annual Report and Accounts**.

Variance on tax

We continue to outperform the FD tax allowance of £74 million, primarily due to a lower profit before tax than assumed in the FD, as well as the benefit of the full expensing regime introduced in the Spring Budget 2023. The methodology for calculating the variance on tax has been applied across all years of the AMP, as set in our query response SVE-APR-FR-002. This resulted in a 2.1% increase in RoRE for 2023-24.

During the year, we surrendered tax losses totalling £25.1 million to group companies, with the losses sold at the headline rate of tax. There is no impact on RoRE relating to group relief.

OPERATIONAL PERFORMANCE

The operational performance component of financial flows covers performance on wholesale totex, retail costs and ODIs.

Wholesale totex

Wholesale totex performance for the year is explained in further in table 4C. Cumulative totex performance after cost sharing is £74 million higher in 2024-25 and £227 million above our AMP total FD totex allowances. This variance is primarily driven by our continued investment throughout the AMP in borehole maintenance, reservoir safety, metering, and leakage reduction. Additionally, substantial investment has been made to reduce storm overflow spills and support the delivery of our WINEP programmes.

As explained in our commentary to Table 4C, we have undertaken a review of prior year totex reporting to ensure compliance with the latest RAGs and to maintain consistency of treatment across the AMP. This review has resulted in a number of restatements to prior year totex figures to ensure the totex subject to cost sharing is accurately reconciled in the PR19 Blind Year determination. We have set these out in further detail in our PR19 Blind Year submission commentary.

We previously noted in our 2020-21 APR that the allocation of business rates and abstraction charges over the AMP published in the Financial Flows data file isn't quite correct. At the FD, business rates and abstraction charges were profiled over the AMP using the % allocations taken from the cost sharing model. The published FD data, however, assumes that the annual allocation of the allowance is evenly spread over the 5 years. We think to ensure that companies report annual performance correctly against the FD allowance, Ofwat should use the % allocations in the cost sharing model to allocate business rates and abstraction charges over the AMP.

Retail household cost performance

We have detailed our retail cost performance further in Table 2C. Overall, total retail costs have increased by £17 million, primarily due to higher debt management costs of £7.5 million. This increase results from the additional totex invested in debt management programmes over the past few years to improve older collections. Retail costs have also risen due to the implementation of the new Kraken billing system and meter reading costs associated with our metering programme. However, we have continued to deliver efficiencies in our retail operating costs to maintain an efficient cost to serve.

ODI performance

2024-25 and AMP performance

As we conclude the final year of the AMP, we have achieved another year of strong performance on ODIs, with 83% of our measures meeting or exceeding our regulatory targets and delivering net ODI outperformance of £141 million (including 2023-24 performance on D-Mex and C-Mex).

Exceptional performance has continued across several measures this year, including our best-ever performance on water supply interruptions, internal sewer flooding, blockages and persistent low pressure. We have also achieved our lowest ever levels of leakage and continue to significantly outperform on our biodiversity programme.

Restatements for years 2020-21 to 2023-24

As this is the final year of AMP7 performance reporting, we have updated prior year ODI assumptions to ensure that our AMP7 RoRE accurately reflects our actual ODI performance. In line with the RAG 1F.11 definition, ODI values have been derived from tables 3A and 3B of the ODI performance model for each year. We have also taken this opportunity to restate prior year values for issues identified either in previous years or in the current reporting year. These restatements are detailed in the table adjacent and we explain the reason for the four restatements below:

	2020-21	2021-22	2022-23	2023-24
PCC	0.000	-0.210	0.000	0.000
Leakage	2.080	6.366	0.000	1.918
Supply interruptions	-0.286	0.000	0.000	0.000
Internal sewer flooding	-0.678	-0.374	-0.678	-0.453
Total ODI adjustments	**1.116**	**5.991**	**-0.678**	**-0.453**

Per Capita Consumption (PCC) - In line with the table 1F guidance in IN-25-02-Expectations-for-monopoly-company-annual-performance-reporting-2024-25.pdf, we have used the PCC post intervention values included in the Financial Flows Data Allowances model in the RoRE calculation. However, as outlined in the Improving Clarity and Transparency section of our APR, we have revised our methodology to address the water balance discrepancy and reduce the gap to below 2%. This change has led to a restatement of our 2023–24 performance, with 2024–25 also reported on this basis, resulting in lower leakage and higher PCC as shown in the table below.

	2020-21	2021-22	2022-23	2023-24	2024-25
PCC Post intervention as per financial flows	0.000	-0.210	0.000	0.000	0.000
PCC Post intervention (Restated)	0.000	-0.210	0.000	-0.350	-0.490

Leakage - We have used the restated leakage values for 2020–21 and 2021–22, which were revised in 2022–23 to improve compliance with the reporting requirements. The restated value for 2023-24 is due to the methodology change applied to PCC as discussed above.

Supply interruptions - As outlined in the 'Improving Clarity and Transparency' section of our 2021–22 APR, we identified during our APR22 audits that a small correction was needed in our analysis of property heights and their impact on the supply interruptions measure. As a result, a retrospective adjustment to 2020–21 was made, increasing our supply interruptions performance by 16 seconds.

Internal sewer flooding - During the year, we identified around 57,000 wastewater customers billed by Severn Trent for highway drainage and also by other water companies for water and wastewater. This duplication overstated our wastewater connected properties by 1.4%, affecting internal sewer flooding ODI performance in previous AMP7 years. Further details are provided in the Improving Clarity and Transparency section of APR25.

ACTUAL PERFORMANCE ADJUSTMENT FOR 2015-20

The actual performance adjustment of 1.0% relates primarily to our sector leading ODI performance earned over 2015-20. To reduce the impact on customer bills over AMP6, we deferred part of the ODI rewards (on average £33 million per year) until AMP7.

TOTAL SHAREHOLDER RETURN

During the year, our combined financial and operational performance has generated £194 million in additional returns for shareholders. Including the base return of £176 million, actual performance adjustment for 2015-20 (£38 million) and the growth in the RCV from inflation (£162 million) results in total shareholder returns of £569 million for the year, equivalent to 12.2%. Of the total shareholder returns earned, we have distributed 3.2% and retained 9.0% within the business.

CURRENT TAX RECONCILIATION

Year ended 31 March 2025

We are committed to paying the right amount of tax at the right time. As well as corporation tax on profits, which is included in the tax charge in our accounts, we incur a range of taxes, charges and levies imposed by Government agencies, including business rates, employer's national insurance and environmental taxes.

The current tax credit after prior year adjustments for the year ended 31 March 2025 was lower than the standard rate of corporation tax in the UK. The differences are explained below:

Current tax reconciliation

	Actual £m
Profit on appointed ordinary activities before tax and fair value movements	269.6
Tax at the standard rate of corporation tax in the UK 25%	67.4
Tax effect of expenditure not (taxable) / deductible in determining taxable profits	-3.6
Capital allowances in excess of depreciation	-155.4
Other temporary differences	-110.4
Tax losses carried forward	176.7
Group relief - current year	0.0
Appointed current tax charge before prior year adjustments	-25.3
Prior year adjustment	-5.0
Appointed current tax (credit)/charge after prior year adjustments	-30.3

The differences between the appointed corporation tax charge/(credit) to the current tax charge allowed in price limits are outlined in the table below:

	Actual £m
Current tax charge/(credit) per Final Determination	2.0
Decrease in profit before taxation	-21.8
Fair value movements	-12.2
Other permanent differences	-1.9
Increase in capital allowances in excess of depreciation	-70.4
Green Recovery expenditure	-24.9
Tax losses carried forward	154.5
Other temporary differences	3.1
AMP8 transition expenditure	-82.2
Impact of change in tax rate	-9.3
Tax impact of ODI rewards received	37.8
Prior year adjustments	-5.0
Appointed current tax (credit)/charge after prior year adjustments	-30.3

The current tax charge for the appointed business was lower than the total tax charge allowed in price limits due to the net impact of the following:

- The Final Determination ('FD') profit before tax was higher than the profit before tax within the appointed business;
- Expenditure that is not deductible for tax purposes has reduced from the level assumed within the FD tax charge;
- Capital allowances in excess of depreciation within the appointed business are higher than the level forecast within the FD;
- A prior year adjustment within the appointed business of £5.0 million reflecting differences between estimated tax in the accounts compared to actual tax returns submitted; and
- The FD was calculated based on an expected reduction to the main tax rate from 19% to 17%. The actual tax rate has increased from 1 April 2023 to 25% resulting in an increase in the tax credit when compared to the FD.

The main factors that will impact future tax charges will include:

- Any changes in tax rates or allowances;
- The level of capital expenditure in the appointed business;
- Fair value movements on derivative financial instruments;
- Fair value movements on investments; and
- Any other changes in tax legislation or practice not reflected in the FD.

In March 2021 the UK Government announced its intention to increase the rate of corporation tax to 25% with effect from 1 April 2023. The new law was substantively enacted on 10 June 2021. The deferred tax liability at 31 March 2025 was calculated at the rate of 25%.

At the Spring Budget 2023, the Government replaced the super deduction regime with 'full expensing' for 3 years from 1 April 2023, giving an in-year capital allowance of 100% on the cost of qualifying plant and machinery. In the Autumn Statement on 22 November 2023, the Government made this change permanent with a 100% first year allowance for main rate assets and 50% first year allowance for special rate (including long life) assets. The introduction of these changes mean that STW is eligible to claim more capital allowances in the current year.

The above changes have given rise to tax losses in the period which are being carried forward to utilise in future periods. During 2024/25 losses totalling £25.1 million have been surrendered to other group companies, with losses of £0.2 million being allocated against the profits of the non-appointed business. The losses to other group companies will be surrendered at the headline rate of corporation tax, so overall there is no financial impact in relation to the losses surrendered.

NOTES TO THE REGULATORY ACCOUNTS

REGULATORY REPORTING

The regulatory accounts as reported in this section should be read in conjunction with the financial review set out in the **Severn Trent Water Limited Annual Report and Accounts 2024/25** to aid understanding of the performance of the business.

A) DIFFERENCES IN RECOGNITION AND MEASUREMENT BETWEEN STATUTORY AND REGULATORY FINANCIAL ACCOUNTS

i) Borrowing costs

Borrowing costs where directly related to the construction of an asset are capitalised in the statutory accounts. These amounts are not capitalised in the regulatory financial reporting statements in accordance with the Regulatory Accounting Guidelines (RAGs).

ii) Treatment of the defined benefit pension costs

The statutory accounts include the full cost and net deficit of the Severn Trent Group's defined benefit pension schemes, whereas the regulatory accounts include only Severn Trent Water's share of the costs and net deficit. This creates a difference in operating costs and net finance costs in the income statement, actuarial gains and losses in other comprehensive income, and the retirement benefit obligation on the balance sheet. A difference in deferred tax has also arisen as a result of this accounting treatment.

B) DIFFERENCES IN PRESENTATION BETWEEN STATUTORY AND REGULATORY FINANCIAL ACCOUNTS

i) Revenue and cost classification

Certain items which are netted off against operating costs within the statutory accounts are grossed up and shown as revenue for regulatory reporting. This includes developer contributions for administration costs incurred in relation to new connections and recharges for costs of repair from damages. Other items such as income from renewable energy incentives are shown as revenue in the statutory accounts and negative operating costs for regulatory reporting. In the 2024/25 statutory accounts infrastructure renewals income has been shown as revenue. In the regulatory accounts we show this as other income.

ii) Cash flow presentation

Grants and contributions received are presented as operating cash flows in the statutory accounts but as investing cash flows in the regulatory accounts.

C) DIFFERENCE IN PRESENTATION OF SPECIFIC ITEMS REQUIRED TO BE SEPARATELY DISCLOSED IN THE REGULATORY FINANCIAL STATEMENTS

i) Profit or loss on disposal of fixed assets and non-operating income are included in operating costs in the statutory accounts but are shown as separate line items in the regulatory financial statements.

ii) Interest income and costs relating to defined benefit pension schemes are included in finance income or cost respectively in the statutory accounts but are shown as other interest expense in the regulatory accounts.

iii) The capex creditor and deferred income from grants and contributions and adopted assets included within trade and other payables in the statutory accounts are shown as separate items in the regulatory accounts.

iv) Intra-group loans due in more than one year recorded as trade receivables in the statutory accounts are reclassified to investments. All other non-current trade and other receivables are reclassified to current assets.

D) PRICE CONTROL SEGMENTS

The regulatory accounts have been prepared in accordance with RAG 2.09 'Guideline for classification of costs across the price controls'.

Section 2 data tables have been prepared in accordance with our **Accounting Separation Methodology Statement**. Our methodology statement explains the basis for allocation of operating and capital expenditure and has been updated for changes to the requirements in the year. Wherever possible, direct costs and assets have been directly attributed to price controls. Where this is not possible, appropriate cost allocations have been applied as described in the methodology. Material changes to the allocation approach compared to the previous year are documented in the methodology statement.

ACCOUNTING POLICIES

A) BASIS OF PREPARATION

The regulatory financial statements are separate from the statutory financial statements of the Company. They have been prepared on a going concern basis as set out in the **Severn Trent Water Limited Annual Report and Accounts**.

The regulatory financial statements have been prepared in accordance with Condition F of the Instruments of Appointment of the Water and Sewerage Undertakers and the Regulatory Accounting Guidelines as issued by the WSRA.

B) REVENUE RECOGNITION

Turnover represents income receivable from regulated water and wastewater activities, excluding value added tax.

Turnover includes an estimate of the amount of mains water and wastewater charges unbilled at the year end. The accrual is estimated using a defined methodology based upon a measure of unbilled water consumed by tariff, which is calculated from historical billing information. There have been no changes in methodology in the year.

The Water Industry Act 2014, Chapter 1 A 'Licensing of Water Suppliers' describes the duties imposed on a water and wastewater undertaker and the licence conditions involved. Regulated activities are consequently those activities that are necessary in order for the appointee to fulfil the functions and duties of a water and sewerage undertaker.

Non-appointed income primarily consists of tankered trade waste income, visitor experience income, farm sales, forestry income and marketing income.

Turnover is not recognised in respect of unoccupied properties. Properties are classified as unoccupied when:

- the Company is informed that a customer has left a property and it is not expected to be reoccupied immediately;
- new properties are connected but are not occupied;
- properties are disconnected following a customer's request; or
- the identity of the customer is unknown.

The following activities are undertaken to ensure properties classified as unoccupied are in fact not occupied:

- Where the Company is informed that the customer has left a property and the property is expected to be occupied by someone else, a welcome letter is sent to the property encouraging the occupier to contact the Company.
- If there is no response to the welcome letter within two months a void letter is sent to the property explaining that we have classified the property as empty and may schedule the property for disconnection.
- Meter readings are taken for metered unoccupied properties; where consumption is recorded, a letter is sent to the property.
- Inspections are organised throughout the year by geographical area.

C) BAD DEBTS

Provisions are charged to operating costs to reflect the Company's assessment of the risk of non-recoverability of debtors based on the lifetime expected credit losses for future receivables.

Write offs in relation to court or debt recovery costs are not included.

Debt can only be written off if it is a legitimate charge against the debtor (if it is considered that part or all of the debt is incorrect or unsubstantiated, then such elements are dealt with through the issue of a credit note) and if one of the following criteria is met:

- the customer does not have any assets or has insufficient assets on which to levy execution; or
- the customer is bankrupt and no dividend has been, or is likely to be, received; or
- the customer has died without leaving an estate or has left an insufficient estate on which to levy execution and the Company has been unable to prove its case in court; or
- all available economic options for collection of the debt have been pursued or that debt recovery procedures have proved to be ineffective or uneconomic to continue.

Uneconomic circumstances are those where, following the application of debt recovery procedures:

- the customer could not be traced without incurring an unreasonable degree of expenditure; or
- the Company has an insufficiently sound case to justify further expenditure on debt recovery procedures; or
- the likelihood of recovering the debt is so small in particular circumstances that further expenses on debt recovery cannot be justified.

The above write off rules apply primarily to customers to whom the Company has ceased to provide a service. Only in exceptional circumstances is debt relating to continuing customers considered for write off.

D) OTHER ACCOUNTING POLICIES

All other accounting policies applied to the regulatory financial reporting accounts are set out in note 2 of the consolidated **Severn Trent Water Limited Annual Report and Accounts**, including the capitalisation policy which is outlined within the property, plant and equipment accounting policy note. Full details of the capitalisation policy are outlined in the **Accounting Separation Methodology Statement**.

E) CURRENT COST ACCOUNTING

Although there is no longer a requirement to produce full current cost financial statements, the requirement to disclose summary current cost financial results has been retained in the wholesale current cost financial performance table.

The capital maintenance charge has been calculated using current cost depreciation values in the current cost fixed asset register which is indexed annually and adjusted for additions. Infrastructure renewals expenditure for below ground assets is included in operating costs.

F) INVESTMENT IN SEVERN TRENT TRIMPLEY LIMITED

The Company holds 49% of the equity share capital of Severn Trent Trimpley Limited. The majority 51% share is held by the Company's holding company, Severn Trent Draycote Limited. The investment is classified as a financial asset measured at fair value through profit and loss because the investment does not give rise to cash flows that are solely payments of principal and interest.

The investment represents a 49% stake in a company that holds a single asset, a loan note receivable bearing a market rate of interest. Interest receivable from the loan note and tax payable thereon are the only other transactions that the investment incurs.

The investment and revaluation gain is recorded as non-appointed in the balance sheet and income statement respectively.

2A – SEGMENTAL INCOME STATEMENT

Year ended 31 March 2025

Line description		Residential Retail	Business Retail	Water Resources	Water Network+	Wastewater Network+	Bioresources	**Total**
		£m	£m	£m	£m	£m	£m	**£m**
2A.1	Revenue - price control	130.532	0.000	144.174	790.317	919.401	102.149	**2,086.573**
2A.2	Revenue - non price control	0.028	0.000	7.387	9.017	1.789	0.091	**18.312**
2A.3	Operating expenditure - excluding PU recharge impact	-123.449	0.000	-72.971	-484.712	-433.213	-29.782	**-1,144.127**
2A.4	PU opex recharge	-4.502	0.000	-1.144	27.789	-17.251	-4.892	**0.000**
2A.5	Operating expenditure - including PU recharge impact	-127.951	0.000	-74.115	-456.923	-450.464	-34.674	**-1,144.127**
2A.6	Depreciation - tangible fixed assets	-0.864	0.000	-11.017	-172.564	-163.541	-35.440	**-383.426**
2A.7	Amortisation - intangible fixed assets	-8.254	0.000	-0.340	-24.868	-0.013	-0.001	**-33.476**
2A.8	Other operating income	0.000	0.000	0.083	0.456	1.679	0.000	**2.218**
2A.9	**Operating profit**	**-6.509**	**0.000**	**66.172**	**145.435**	**308.851**	**32.125**	**546.074**
A	Surface water drainage rebates							
2A.10	Surface water drainage rebates							**0.353**

2B – TOTEX ANALYSIS (WHOLESALE)

Year ended 31 March 2025

Line description		Water Resources	Water Network+	Wastewater Network+	Bioresources	**Total**
		£m	£m	£m	£m	**£m**
A	Base operating expenditure					
2B.1	Power	16.885	82.356	90.729	-8.077	**181.893**
2B.2	Income treated as negative expenditure	-0.446	-0.150	-0.026	-42.202	**-42.824**
2B.3	Service charges/ discharge consents	15.043	0.786	18.101	0.000	**33.930**
2B.4	Bulk Supply/Bulk discharge	10.837	6.399	0.239	0.157	**17.632**
2B.5	Renewals expensed in year (Infrastructure)	2.202	59.646	51.471	0.000	**113.319**
2B.6	Renewals expensed in year (Non-Infrastructure)	0.000	0.030	1.894	0.000	**1.924**
2B.7	Other operating expenditure (including location specific costs & obligations)	19.321	210.932	229.600	81.370	**541.223**
2B.8	Local authority and Cumulo rates	4.990	51.253	32.477	3.417	**92.137**
2B.9	**Total base operating expenditure**	**68.832**	**411.252**	**424.485**	**34.665**	**939.234**
B	Other operating expenditure					
2B.10	Enhancement operating expenditure	3.655	20.877	10.819	0.000	**35.351**
2B.11	Developer services operating expenditure	0.000	18.106	13.334	0.000	**31.440**
2B.12	Total operating expenditure excluding third party services	72.487	450.235	448.638	34.665	**1,006.025**
2B.13	Third party services	1.628	6.688	1.826	0.009	**10.151**
2B.14	**Total operating expenditure**	**74.115**	**456.923**	**450.464**	**34.674**	**1,016.176**
C	Grants and contributions					
2B.15	Grants and contributions - operating expenditure	0.000	-16.579	-11.609	0.000	-28.188
D	Capital expenditure					
2B.16	Base capital expenditure	14.753	126.656	53.660	18.646	**213.715**
2B.17	Enhancement capital expenditure	38.372	420.738	937.559	11.878	**1,408.547**
2B.18	Developer services capital expenditure	0.000	31.639	7.213	0.000	**38.852**
2B.19	Total gross capital expenditure excluding third party services	53.125	579.033	998.432	30.524	**1,661.114**
2B.20	Third party services	0.000	0.000	0.000	0.000	**0.000**
2B.21	**Total gross capital expenditure**	**53.125**	**579.033**	**998.432**	**30.524**	**1,661.114**
E	Grants and contributions					
2B.22	Grants and contributions - capital expenditure	-0.534	-24.955	-11.210	0.000	**-36.699**
2B.23	**Net totex**	**126.706**	**994.422**	**1,426.077**	**65.198**	**2,612.403**
F	Cash expenditure					
2B.24	Pension deficit recovery payments	13.840	13.839	13.842	13.839	**55.360**
2B.25	Other cash items	0.000	0.000	0.000	0.000	**0.000**
2B.26	**Totex including cash items**	**140.546**	**1,008.261**	**1,439.919**	**79.037**	**2,667.763**

2C – COST ANALYSIS (RETAIL)

Year ended 31 March 2025

Line description		Residential	Business	**Total**
		£m	£m	**£m**
A	Operating expenditure			
2C.1	Customer services	33.890	0.000	**33.890**
2C.2	Debt management	13.191	0.000	**13.191**
2C.3	Doubtful debts	34.365	0.000	**34.365**
2C.4	Meter reading	7.790	0.000	**7.790**
2C.5	Other operating expenditure	19.981	0.000	**19.981**
2C.6	Local authority and Cumulo rates	0.392	0.000	**0.392**
2C.7	**Total operating expenditure excluding third party services**	**109.609**	**0.000**	**109.609**
B	Depreciation			
2C.8	Depreciation (tangible fixed assets) on assets existing at 31 March 2015	0.080	0.000	**0.080**
2C.9	Depreciation (tangible fixed assets) on assets acquired after 1 April 2015	0.784	0.000	**0.784**
2C.10	Amortisation (intangible fixed assets) on assets existing at 31 March 2015	0.000	0.000	**0.000**
2C.11	Amortisation (intangible fixed assets) on assets acquired after 1 April 2015	8.254	0.000	**8.254**
C	Recharges			
2C.12	Recharge from wholesale for legacy assets principally used by wholesale (assets existing at 31 March 2015)	0.434	0.000	**0.434**
2C.13	Income from wholesale for legacy assets principally used by retail (assets existing at 31 March 2015)	-0.036	0.000	**-0.036**
2C.14	Recharge from wholesale assets acquired after 1 April 2015 principally used by wholesale	4.234	0.000	**4.234**
2C.15	Income from wholesale assets acquired after 1 April 2015 principally used by retail	-0.130	0.000	**-0.130**
2C.16	**Net recharges costs**	**4.502**	**0.000**	**4.502**
2C.17	**Total retail costs excluding third party and pension deficit repair costs**	**123.229**	**0.000**	**123.229**
2C.18	Third party services operating expenditure	0.000	0.000	**0.000**
2C.19	Pension deficit repair costs	13.840	0.000	**13.840**
2C.20	**Total retail costs including third party and pension deficit repair costs**	**137.069**	**0.000**	**137.069**
D	Debt written off			
2C.21	Debt written off	31.017	0.000	**31.017**
E	Capital expenditure			
2C.22	Capital expenditure	0.946	0.000	**0.946**

F	Comparison of actual and allowed expenditure	
2C.23	Cumulative actual retail expenditure to reporting year end	603.321
2C.24	Cumulative allowed expenditure to reporting year end	624.641
2C.25	**Total allowed expenditure 2020-25**	**624.641**

Differences between total operating costs and retail costs allowed in the price limits.

HOUSEHOLD

Overall household retail costs of £122.8 million are £22.1 million (17.7%) higher than the Final Determination ('FD').

CUSTOMER SERVICES

Customer service costs are £2.0 million favourable to the FD. The FD assumed an increase in spend of £4.0 million in the final two years in AMP7 which we have not increased our spend to as we continue to maintain an efficient cost to serve.

DEBT MANAGEMENT

This year we have maintained higher spending on debt management to improve our underlying bad debt performance while mitigating lasting impacts from the cost-of-living crisis. This has resulted in expenditure exceeding the FD allowance by £9.6 million.

DOUBTFUL DEBTS

Doubtful debts as a percentage of household revenue were 2.1%, an increase on prior year driven by uncertainty in the future economic conditions forecast at the balance sheet date. Our underlying collection performance has remained strong after continued investment in our cash collection journeys.

METER READING

Meter reading costs are £2.8 million adverse to the FD, attributed to higher metering activities.

OTHER OPERATING EXPENDITURE

Other operating expenditure is £0.4 million adverse to the FD. This is primarily attributed to the implementation of the new Kraken customer relationship management system where costs have increased year-on-year within the AMP.

NON-HOUSEHOLD

In line with our FD, we have no costs in non-household retail. In 2016, we disposed of our non-household retail activities to Water Plus, and so no longer have any costs relating to non-household activity. The latest RAG guidance sets out that developers are often working directly with wholesalers rather than using a retailer as an intermediary. In this example, all costs should be classified as wholesale, and so there are no costs within non-household retail.

2D – HISTORIC COST ANALYSIS OF FIXED ASSETS

Year ended 31 March 2025

The net book value includes £3,021.6 million in respect of assets in the course of construction.

Line description		Residential Retail	Business Retail	Water resources	Water Network+	Wastewater Network+	Bioresources	**Total**
		£m	£m	£m	£m	£m	£m	**£m**
A	Cost							
2D.1	At 1 April 2024	50.370	0.000	643.231	7,575.203	8,964.418	1,042.919	**18,276.141**
2D.2	Disposals	-0.742	0.000	-3.482	-130.682	-54.191	-15.093	**-204.190**
2D.3	Additions	0.203	0.000	40.269	552.753	1,001.364	30.766	**1,625.355**
2D.4	Adjustments	0.000	0.000	0.000	-0.367	-10.991	0.000	**-11.358**
2D.5	Assets adopted at nil cost	0.000	0.000	0.000	0.000	196.332	0.000	**196.332**
2D.6	At 31 March 2025	49.831	0.000	680.018	7,996.907	10,096.932	1,058.592	**19,882.280**
B	Depreciation							
2D.7	At 1 April 2024	-32.622	0.000	-206.472	-2,885.742	-3,532.587	-528.083	**-7,185.506**
2D.8	Disposals	0.742	0.000	3.381	130.233	53.887	15.024	**203.267**
2D.9	Adjustments	0.000	0.000	0.000	0.000	0.000	0.000	**0.000**
2D.10	Charge for year	-0.864	0.000	-11.017	-172.564	-163.541	-35.440	**-383.426**
2D.11	At 31 March 2025	-32.744	0.000	-214.108	-2,928.073	-3,642.241	-548.499	**-7,365.665**
2D.12	**Net book amount at 31 March 2025**	**17.087**	**0.000**	**465.910**	**5,068.834**	**6,454.691**	**510.093**	**12,516.615**
2D.13	**Net book amount at 1 April 2024**	**17.748**	**0.000**	**436.759**	**4,689.461**	**5,431.831**	**514.836**	**11,090.635**
C	Depreciation charge for year							
2D.14	Principal services	-0.864	0.000	-11.014	-172.501	-163.541	-35.440	**-383.360**
2D.15	Third party services	0.000	0.000	-0.002	-0.064	0.000	0.000	**-0.066**
2D.16	**Total**	**-0.864**	**0.000**	**-11.016**	**-172.565**	**-163.541**	**-35.440**	**-383.426**

2E – ANALYSIS OF GRANTS AND CONTRIBUTIONS (WATER RESOURCES AND WATER NETWORK+)

Year ended 31 March 2025

Line description		Fully recognised in income statement	Capitalised and amortised (in income statement)	Fully netted off capex	**Total**
		£m	£m	£m	**£m**
A	Grants and contributions - water resources				
2E.1	Diversions - s185	0.000	0.000	0.000	**0.000**
2E.2	Other contributions (price control)	0.000	0.534	0.000	**0.534**
2E.3	Price control grants and contributions	0.000	0.534	0.000	**0.534**
2E.4	Diversions - NRSWA	0.000	0.000	0.000	**0.000**
2E.5	Diversions - other non-price control	0.000	0.000	0.000	**0.000**
2E.6	Other contributions (non-price control)	0.000	0.000	0.000	**0.000**
2E.7	**Total grants and contributions**	**0.000**	**0.534**	**0.000**	**0.534**
2E.8	Value of adopted assets	0.000	0.000		**0.000**
B	Grants and contributions - water network+				
2E.9	Connection charges	0.000	10.472	0.000	**10.472**
2E.10	Infrastructure charge receipts – new connections	0.000	16.374	0.000	**16.374**
2E.11	Requisitioned mains	0.000	10.510	0.000	**10.510**
2E.12	Diversions - s185	2.938	0.000	0.000	**2.938**
2E.13	Other contributions (price control)	0.000	1.800	0.000	**1.800**
2E.14	Price control grants and contributions before deduction of income offset	**2.938**	**39.156**	**0.000**	**42.094**
2E.15	Income offset	0.000	14.216	0.000	**14.216**
2E.16	Price control grants and contributions after deduction of income offset	**2.938**	**24.940**	**0.000**	**27.878**
2E.17	Diversions - NRSWA	1.626	0.000	0.000	**1.626**
2E.18	Diversions - other non-price control	12.015	0.015	0.000	**12.030**
2E.19	Other contributions (non-price control)	0.000	0.000	0.000	**0.000**
2E.20	**Total grants and contributions**	**16.579**	**24.955**	**0.000**	**41.534**
2E.21	Value of adopted assets	0.000	0.000		**0.000**

2E – ANALYSIS OF GRANTS AND CONTRIBUTIONS (WASTEWATER NETWORK+)

Year ended 31 March 2025

Line description		Fully recognised in income statement	Capitalised and amortised (in income statement)	Fully netted off capex	**Total**
		£m	£m	£m	**£m**
C	Grants and contributions - wastewater network+				
2E.22	Receipts for on-site work	0.000	4.185	0.000	**4.185**
2E.23	Infrastructure charge receipts – new connections	0.000	6.251	0.000	**6.251**
2E.24	Diversions - s185	1.829	0.000	0.000	**1.829**
2E.25	Other contributions (price control)	0.000	2.948	0.000	**2.948**
2E.26	Price control grants and contributions before deduction of income offset	**1.829**	**13.384**	**0.000**	**15.213**
2E.27	Income offset	0.000	2.323	0.000	**2.323**
2E.28	Price control grants and contributions after deduction of income offset	**1.829**	**11.061**	**0.000**	**12.890**
2E.29	Diversions - NRSWA	0.316	0.001	0.000	**0.317**
2E.30	Diversions - other non-price control	9.464	0.148	0.000	**9.612**
2E.31	Other Contributions (non-price control)	0.000	0.000	0.000	**0.000**
2E.32	**Total grants and contributions**	**11.609**	**11.210**	**0.000**	**22.819**
2E.33	Value of adopted assets	0.000	196.332		**196.332**
D	Movements in capitalised grants and contributions				
2E.34	b/f	2.545	511.729	333.027	**847.301**
2E.35	Capitalised in year	0.534	24.955	11.210	**36.699**
2E.36	Amortisation (in income statement)	-0.091	-6.746	-3.101	**-9.938**
2E.37	**c/f**	**2.988**	**529.938**	**341.136**	**874.062**

2F – RESIDENTIAL RETAIL

Year ended 31 March 2025

Line description		Revenue	Number of customers	Average residential revenues
		£m	000s	£
A	Residential revenue			
2F.1	Wholesale revenue	1,540.007		
2F.2	Retail revenue	130.532		
2F.3	Total residential revenue	1,670.539		
B	Retail revenue			
2F.4	Revenue Recovered ("RR")	130.532		
2F.5	Revenue sacrifice	0.000		
2F.6	Actual revenue (net)	130.532		
C	Customer information			
2F.7	Actual customers ("AC")		4,191.358	
2F.8	Reforecast customers		4,258.284	
D	Adjustment			
2F.9	Allowed revenue ("R")	114.958		
2F.10	Net adjustment	-15.574		
E	Other residential information			
2F.11	Average household retail revenue per customer			31.143

2G – NON-HOUSEHOLD WATER REVENUES BY TARIFF TYPE

Year ended 31 March 2025

This table is no longer required following the disposal of our non-household retail activities to Water Plus in 2016.

2H – NON-HOUSEHOLD WASTEWATER REVENUES BY CUSTOMER TYPE

Year ended 31 March 2025

This table is no longer required following the disposal of our non-household retail activities to Water Plus in 2016.

2I – REVENUE ANALYSIS

Year ended 31 March 2025

Line description		Household	Non-household	**Total**	Water resources	Water network+	**Total**
		£m	£m	**£m**	£m	£m	**£m**
A	Wholesale charge - water						
2I.1	Unmeasured	413.329	3.264	**416.593**	66.550	350.043	**416.593**
2I.2	Measured	337.275	178.341	**515.616**	77.624	437.992	**515.616**
2I.3	Third party revenue	0.000	2.282	**2.282**	0.000	2.282	**2.282**
2I.4	**Total wholesale water revenue**	**750.604**	**183.887**	**934.491**	**144.174**	**790.317**	**934.491**

Line description		Household	Non-household	**Total**	Wastewater network+	Bioresources	**Total**
		£m	£m	**£m**	£m	£m	**£m**
B	Wholesale charge - wastewater						
2I.5	Unmeasured - foul charges	316.600	5.119	**321.719**	271.265	50.454	**321.719**
2I.6	Unmeasured - surface water charges	88.337	7.707	**96.044**	96.044	0.000	**96.044**
2I.7	Unmeasured - highway drainage charges	28.823	0.413	**29.236**	29.235	0.000	**29.235**
2I.8	Measured - foul charges	234.850	131.400	**366.250**	314.556	51.695	**366.251**
2I.9	Measured - surface water charges	85.690	82.578	**168.268**	168.268	0.000	**168.268**
2I.10	Measured - highway drainage charges	35.103	2.450	**37.553**	37.553	0.000	**37.553**
2I.11	Third party revenue	0.000	2.480	**2.480**	2.480	0.000	**2.480**
2I.12	**Total wholesale wastewater revenue**	**789.403**	**232.147**	**1,021.550**	**919.401**	**102.149**	**1,021.550**
C	Wholesale charge - Additional Control						
2I.13	Unmeasured	0.000	0.000	**0.000**			
2I.14	Measured	0.000	0.000	**0.000**			
2I.15	Total wholesale additional control revenue	0.000	0.000	**0.000**			
2I.16	**Wholesale total**	**1,540.007**	**416.034**	**1,956.041**			
D	Retail revenue						
2I.17	Unmeasured	56.538	0.000	**56.538**			
2I.18	Measured	72.339	0.000	**72.339**			
2I.19	Retail third party revenue	1.655	0.000	**1.655**			
2I.20	**Total retail revenue**	**130.532**	**0.000**	**130.532**			
E	Third party revenue - non-price control						
2I.21	Bulk supplies - water			11.877			
2I.22	Bulk supplies - wastewater			1.467			
2I.23	Other third-party revenue - non price control			2.693			
F	Principal services - non-price control						
2I.24	Other appointed revenue			2.275			
2I.25	**Total appointed revenue**			**2,104.885**			

2J – INFRASTRUCTURE NETWORK REINFORCEMENT COSTS

Year ended 31 March 2025

Line description		Network reinforcement capex £m	On site / site specific capex (memo only) £m
A	Wholesale water network+ (treated water distribution)		
2J.1	Distribution and trunk mains	6.518	0.000
2J.2	Pumping and storage facilities	0.009	0.000
2J.3	Other	0.000	0.000
2J.4	**Total**	**6.527**	**0.000**
B	Wholesale wastewater network+ (sewage collection)		
2J.5	Foul and combined systems	0.818	0.000
2J.6	Surface water only systems	0.081	0.000
2J.7	Pumping and storage facilities	0.000	0.000
2J.8	Other	0.000	0.000
2J.9	**Total**	**0.899**	**0.000**

2K – INFRASTRUCTURE CHARGES RECONCILIATION

Year ended 31 March 2025

Line description		Water £m	Wastewater £m	Total £m
A	Impact of infrastructure charge discounts			
2K.1	Infrastructure charges	16.374	6.251	22.625
2K.2	Discounts applied to infrastructure charges	1.360	1.786	3.146
2K.3	**Gross infrastructure charges**	**17.734**	**8.037**	**25.771**
B	Comparison of revenue and costs			
2K.4	Variance brought forward	-18.155	18.967	0.812
2K.5	Revenue	16.374	6.251	22.625
2K.6	Costs	-6.527	-0.899	-7.426
2K.7	Variance carried forward	-8.308	24.319	16.011

The variance between cost and revenue for water is £-8.3 million; this includes a brought forward variance of £18.2 million not factored into charges consistent with charging rules. This gives an in-year variance of £9.9 million. This is because revenue has increased as compared to prior year due to higher infra charge unit rates.

The variance between cost and revenue for wastewater is £24.3 million, this includes £19.0 million of brought forward variance not factored into charges as per charging rules. This gives in year variance of £5.3 million. Although revenue rates and volumes were low in the period, low costs in the year have increased the cumulative variance.

2L – ANALYSIS OF LAND SALES

Year ended 31 March 2025

Line description		Water resources £m	Water Network+ £m	Wastewater Network+ £m	Total £m
A	Land sales – proceeds from disposals of protected land				
2L.1	**Land sales – proceeds from disposals of protected land**	**0.202**	**0.587**	**2.113**	**2.902**

During the year, there were ten disposals of protected land and one transfer of protected land from the appointed business to an associate company. None of these transactions were above the £1.0 million reporting threshold.

2M – REVENUE ANALYSIS AND WHOLESALE CONTROL RECONCILIATION

Year ended 31 March 2025

Line description		Water resources	Water Network+	Wastewater Network+	Bioresources	**Total**
		£m	£m	£m	£m	**£m**
A	Revenue recognised					
2M.1	Wholesale revenue governed by price control	144.174	790.317	919.401	102.149	**1,956.041**
2M.2	Grants & contributions (price control)	0.534	27.878	12.890	0.000	**41.302**
2M.3	Total revenue governed by wholesale price control	144.708	818.195	932.291	102.149	**1,997.343**
B	Calculation of the revenue cap					
2M.4	Allowed wholesale revenue before adjustments (or modified by CMA)	106.250	747.499	835.430	100.720	**1,789.899**
2M.5	Allowed grants & contributions before adjustments (or modified by CMA)	0.000	25.974	23.735	0.000	**49.709**
2M.6	Revenue adjustment	-0.568	1.388	9.612	1.548	**11.980**
2M.7	Other adjustments	37.373	32.732	82.007	-0.029	**152.083**
2M.8	**Revenue cap**	**143.055**	**807.593**	**950.784**	**102.239**	**2,003.671**
C	Calculation of the revenue imbalance					
2M.9	Revenue cap	143.055	807.593	950.784	102.239	**2,003.671**
2M.10	Revenue Recovered	144.708	818.195	932.291	102.149	**1,997.343**
2M.11	**Revenue imbalance**	**-1.653**	**-10.602**	**18.493**	**0.090**	**6.328**

Difference between allowed and actual revenue under the wholesale control

The total allowed revenue for 2024/25 was £2,003.7 million with actual revenue of £1,997.3 million being £6.4 million lower.

DEVELOPER SERVICES

Water revenue for grants and contributions is £1.9 million above the allowance despite lower property connection volumes. This is driven by higher infrastructure income unit rates. In waste, where infra charge rates are lower, the impact of lower activity including connection volumes means a total revenue of £10.8 million lower than the allowance.

CORE BILLED REVENUE

Water Resources and Water Network+

Water Resources revenue of £144.7 million is £1.7 million (1.2%) higher than the revenue cap.

Water Network+ revenue of £818.2 million is £10.6 million (1.3%) higher than the revenue cap.

This is due to fewer customers opting to move to cheaper metered water tariffs than budgeted, increasing our unmetered water revenue.

Wastewater Network+

Wastewater Network+ revenue of £932.3 million is £18.5 million (1.9%) lower than the revenue cap.

Bio-resources revenue is of £102.2 million is £0.1 million (0.1%) lower than the revenue cap.

The Wastewater Networks+ variance is due to adjustments made to surface water drainage charges relating to rebates given to customers in non-household following data cleanse activity with our largest retailer, Water Plus.

2N – HOUSEHOLD AFFORDABILITY SUPPORT AND DEBT

Year ended 31 March 2025

	Line description	Revenue	Number of customers	Average amount per customer
		£m	000s	£
A	SOCIAL TARRIFS			
A	Number of residential customers on social tariffs			
2N.1	Residential water only social tariffs customers		9.005	
2N.2	Residential wastewater only social tariffs customers		65.704	
2N.3	Residential dual service social tariffs customers		185.017	
A	Number of residential customers not on social tariffs			
2N.4	Residential water only no social tariffs customers		309.732	
2N.5	Residential wastewater only no social tariffs customers		619.038	
2N.6	Residential dual service no social tariffs customers		3,002.862	
A	Social tariff discount			
2N.7	Average discount per water only social tariffs customer			174.125
2N.8	Average discount per wastewater only social tariffs customer			135.212
2N.9	Average discount per dual service social tariffs customer			383.921
A	Social tariff cross-subsidy - residential customers			
2N.10	Total customer funded cross-subsidies for water only social tariffs customers	1.568		
2N.11	Total customer funded cross-subsidies for wastewater only social tariffs customers	8.884		
2N.12	Total customer funded cross-subsidies for dual service social tariffs customers	71.032		
2N.13	Average customer funded cross-subsidy per water only social tariffs customer			4.919
2N.14	Average customer funded cross-subsidy per wastewater only social tariffs customer			12.974
2N.15	Average customer funded cross-subsidy per dual service social tariffs customer			22.282

	Line description	Revenue	Number of customers	Average amount per customer
		£m	000s	£
A	Social tariff cross-subsidy - company			
2N.16	Total revenue forgone by company to fund cross-subsidies for water only social tariffs customers	0.000		
2N.17	Total revenue forgone by company to fund cross-subsidies for wastewater only social tariffs customers	0.000		
2N.18	Total revenue forgone by company to fund cross-subsidies for dual service social tariffs customers	0.000		
2N.19	Average revenue forgone by company to fund cross-subsidy per water only social tariffs customer			0.000
2N.20	Average revenue forgone by company to fund cross-subsidy per wastewater only social tariffs customer			0.000
2N.21	Average revenue forgone by company to fund cross-subsidy per dual service social tariffs customer			0.000
A	Social tariff support - willingness to pay			
2N.22	Level of support for social tariff customers reflected in business plan			44.426
2N.23	Maximum contribution to social tariffs supported by customer engagement			61.517
B	WATERSURE TARRIFS			
B	WaterSure tariffs			
2N.24	Number of unique customers on WaterSure		17.237	
2N.25	Total reduction in bills for WaterSure customers	5.254		
2N.26	Average reduction in bills for WaterSure customers			304.809

Lines 2N.4-2N.6 have been prepared as the number of residential customers not on social tariffs.

We support our low-income households with the Big Difference Scheme social tariff. If customers qualify, we offer up to a 70% discount of the average household bill. Further information is available on our website.

The total number of customers in receipt of a social tariff has increased over the last 12-month period with c.290k customers supported through our various schemes in 2024/25.

2O – HISTORIC COST ANALYSUS OF INTANGIBLE FIXED ASSETS

Year ended 31 March 2025

Line description		Residential Retail	Business Retail	Water Resources	Water Network+	Wastewater Network+	Bioresources	**Total**
		£m	£m	£m	£m	£m	£m	**£m**
A	Cost							
2O.1	At 1 April 2024	124.803	0.000	1.302	469.385	38.873	1.619	**635.982**
2O.2	Disposals	-5.683	0.000	0.000	-18.818	0.000	0.000	**-24.501**
2O.3	Additions	0.743	0.000	1.810	32.743	3.994	0.005	**39.295**
2O.4	Adjustments	0.000	0.000	0.000	0.000	0.000	0.000	**0.000**
2O.5	Assets adopted at nil cost	0.000	0.000	0.000	0.000	0.000	0.000	**0.000**
2O.6	**At 31 March 2025**	**119.863**	**0.000**	**3.112**	**483.310**	**42.867**	**1.624**	**650.776**
B	Amortisation							
2O.7	At 1 April 2024	-107.086	0.000	-0.441	-276.857	-34.388	-0.022	**-418.794**
2O.8	Disposals	5.683	0.000	0.000	18.818	0.000	0.000	**24.501**
2O.9	Adjustments	0.000	0.000	0.000	0.000	0.000	0.000	**0.000**
2O.10	Charge for year	-8.254	0.000	-0.340	-24.868	-0.013	-0.001	**-33.476**
2O.11	**At 31 March 2025**	**-109.657**	**0.000**	**-0.781**	**-282.907**	**-34.401**	**-0.023**	**-427.769**
2O.12	**Net book amount at 31 March 2025**	**10.206**	**0.000**	**2.331**	**200.403**	**8.466**	**1.601**	**223.007**
2O.13	**Net book amount at 1 April 2024**	**17.717**	**0.000**	**0.861**	**192.528**	**4.485**	**1.597**	**217.188**
C	Amortisation for year							
2O.14	Principal services	-8.254	0.000	-0.340	-24.868	-0.013	-0.001	**-33.476**
2O.15	Third party services	0.000	0.000	0.000	0.000	0.000	0.000	**0.000**
2O.16	**Total**	**-8.254**	**0.000**	**-0.340**	**-24.868**	**-0.013**	**-0.001**	**-33.476**

ADDITIONAL REGULATORY INFORMATION

3A - OUTCOME PERFORMANCE - WATER PERFORMANCE COMMITMENTS (FINANCIAL)

Year ended 31 March 2025

A01 – REDUCING RESIDENTIAL VOID PROPERTIES

Through our Reducing Residential Void Properties performance commitment, we are incentivised to reduce the number of residential void properties throughout AMP7. Reducing the number of void properties, which are occupied but not billed, will result in fairer charges between customers and lower bills for customers already paying.

After failing to meet our performance commitment level ('PCL') in 2020/21, in the latter stages of the 2021/22 performance year we recognised we were on track to achieve only a small improvement which ended up at around a 6% year-on-year improvement. Towards the end of 2021/22 we therefore set out to transform the way we tackle void properties.

Historically, we had a process of mailshots being issued to void properties on a rotational basis, with a subset of these being passed to a third party for unnotified visits. Tracking the success of the mailshot process was difficult as we could not differentiate between customers that contacted us following receipt of a mailshot and those that would have contacted us organically. In addition, we were only achieving a 4% return on investment from visits.

It was obvious that continuing with our existing process would not enable us to deliver the required improvements to benefit our existing customers and risked our ability to achieve our PCL in the final years of AMP7. Therefore, a new approach was needed.

A full end to end process review highlighted the flaws with our approach to tackle voids through mailshots and visits.

We carried out an analysis of the voids file and split this into various segments – metered/unmetered and age profile being some of these. This analysis enabled us to establish the types of property that had a high turnover of occupiers, the average length of time properties remained in a void status, properties that were void, but clearly had water consumption and how we could adopt different strategies to tackle particular void segments.

We also carried out analysis as to where our existing voids had come from and which areas were contributing to voids on an ongoing basis. We identified that many developers that had built and sold properties failed to notify us as to whom they had sold the property to, which resulted in void periods. As a result we consulted with developers and now have a process whereby the developer is responsible for water charges, once the service is connected. This has resulted in developers promptly giving us new occupier details, which has led to a significant reduction in the length of time that properties are in void. By taking this approach, we have also been able to retain our place as an upper quartile performing company on D-MeX.

We have also placed a greater emphasis on landlords to take responsibility for charges in between tenancies, which has led to more landlords informing us of changes of tenants.

We also engaged with a number of third parties who specialise in data led solutions for identifying occupiers of properties. Having carried out proof of concept activities, we chose the best partner for us to work with and have developed an efficient process for identifying occupiers through a number of different data sources, such as credit reference data, land registry and Cabinet Office data.

We have worked with our third party since August 2021 and now have an embedded business as usual process where our void property data is put through their occupier identification process.

In addition, we have a team of four specialist people that carry out ongoing analysis of our void properties to identify specific segments that we may want to focus on, such as properties that have been classed as void for longer than five years.

We have also worked with our smart metering team to look at consumption recorded on smart meters where the property is classed as unmetered from a billing perspective.

Previously, our view was to tackle all voids in the same way, however from changing our thinking we now have a tailored approach for specific void segments.

Additionally, our new process focuses on a more targeted, data driven approach helping reduce our cost for void reduction activity. Continuing with a regime of mailshots and visits was no longer viable due to rising costs, particularly with postage.

Each month we send our third party a file containing all of our properties that have been void for longer than three months. They then pass this through a process of credit reference checks and provide occupier details with confidence grading, dependant on the level of credit activity for that individual at that address. We select the highest confidence level occupiers and contact the customer accordingly. For medium confidence level occupiers, we may pass them through a further process where we combine credit reference data with Cabinet Office data to continue increasing the confidence rating. We do not use low confidence data. This process is cost effective as we only pay our third party for the details we actually use.

The types of data sources used are:

- Bank accounts
- Broadband accounts
- Mobile phone data
- Credit card data
- Revolving credit data
- Electoral role
- Council tax
- Land registry

This year we have continued with the new approach we adopted part way through AMP7 but have only achieved a small year on year reduction. As the number of void properties becomes smaller, it becomes harder to identify them, resulting in us only achieving a small reduction year on year from 117,358 in 2023/24 to 116,454 this year. Despite the small reduction this year we are now in the best position we have been in on voids throughout AMP7, having achieved a 34% reduction from our reported performance for 2020/21.

B01 – INSPIRING OUR CUSTOMERS TO USE WATER WISELY

How the activities delivered by the Education Team contribute to the reported performance

We have a team of Education Officers and each Education Officer is responsible for a region, promoting our activities to secure bookings, sharing our key messages and achieving the target performance. Operating

regionally means the Education Officers have built strong relationships within their communities, which helps with future bookings. It also means reduced travel for the team enabling them to deliver more sessions, educate more of our customers and subsequently collect more commitments.

The team predominantly spend their time visiting schools on a daily basis, delivering assemblies and workshops to school children, sometimes visiting more than one school in a day. The majority of schools who respond to our outreach opt for a whole school assembly often resulting in a large audience participating in the activity and making a commitment following the 30-minute educational session.

Commitments are only made following a 30-minute educational session and are recorded by each Education Officer which is then validated by the Senior Education Officer. Once validated, the commitment figures are totalled to produce our reported performance.

Our education programme entails a host of activities which include assemblies, workshops, adult talks, site tours, digital livestreams and interactive sessions on our Wonderful Water Tour Buses. All of our education methods consist of customers participating in a face-to-face engagement session lasting at least 30 minutes.

An explanation of what types of engagement were used

An explanation of the activities where commitments are collected that contribute to our performance are detailed below:

Assemblies – usually for the whole school, in a hall setting, for a minimum of 30 minutes. The audience is engaged and educated through a variety of content hosted by the Education Officer in person. The content includes a PowerPoint slideshow, animated videos, a song and volunteers from the audience holding props/wearing costumes to assist in delivering the message. The Education Officer will endeavour to make the assembly interesting yet as informative as possible, sharing key information and facts and regularly asking the audience questions.

Digital livestreams - usually for the whole school, in a classroom setting, for a minimum of 30 minutes. The audience is engaged and educated through a variety of pieces of content hosted by the Education Officer through our digital platform. The content includes a PowerPoint slideshow, animated videos, pictures, props and a song to deliver the message. The Education Officer will endeavour to make the livestream interesting yet as informative as possible sharing key information and facts and regularly asking the audience questions requesting a representative to write answers in the chat box feature.

Workshops – individual classes, in a classroom setting, usually for an hour following an assembly. Hosted by the Education Officer the workshops are interactive and include practical activities to further embed the learning and key messages. Depending on the school's requests, activities can include measuring water to see how much their 'families' have used, creating their own sewage and attempting to clean it, and playing an athlete card game to understand the importance of hydration. These sessions give an opportunity for questions and a more in depth understanding of Severn Trent and our core messages.

Sessions on our Wonderful Water Tour Buses - individual classes, in an outdoor setting, for a minimum of an hour following an assembly. Hosted by four Education Officers the class will rotate around three main activities: The Digi Bus, The Experi Bus and outdoor games. All activities are interactive and practical to further embed the learning and key messages. Activities include virtual reality, a science experiment, fixing pipes, unblocking a giant sewer, leak detection and more. These sessions give an opportunity for questions and a more in-depth understanding of Severn Trent and our core messages.

Adult talks – usually for groups from universities, colleges, employees or community groups for a minimum of 30 minutes. The audience is engaged and educated through a range of content hosted by the Education Officer in person. The content includes a PowerPoint slideshow, animated and real-life videos, pictures and props to deliver the message. The Education Officer will endeavour to make the talk as interesting yet informative as possible, sharing key information and facts and regularly asking the audience questions.

Site tours – for any group from a school or organisation, at a wastewater treatment works site, for a minimum of an hour. The audience is engaged and educated by being taken on a tour of the site by the Education Officer in person. The tour includes looking at how we operate, clean and treat wastewater along with what items we find that cause blockages and the implications they can lead to. The Education Officer will endeavour to make the tour interesting yet as informative as possible sharing key information and facts and regularly asking the audience questions.

How the pledges were captured from the engaged customers

Following most activities, and always at the end, the Education Officer shows the audience a behavioural change commitment, explains its meaning and asks if they want to make the commitment to change their behaviours based on the education they have received. The number of customers that commit to change their behaviour is then counted and recorded with a certificate being presented after the session confirming the recorded number of customer commitments made. The certificate is signed by a representative for the organisation (in most cases this is a teacher) and all details of the session such as the date and topic are recorded. The Education Officer will then take a digital photo of the certificate as evidence and save this in their individual folder. For digital livestreams, the commitments are entered onto the platform by the audience and a report is then produced. There is a downloadable version of the certificate for the audience to save their own copy. If a certificate is not obtained, the Education Officer must provide evidence of the commitments collected in another form, usually from a representative from the organisation in a written or email form.

After each education session, Education Officers record the location and attendees for the session, the type of education delivered, the numbers of customers in attendance and the number of commitments collected. To further evidence the commitments made, they also save the digital photo, email or written evidence in their individual folders. For digital livestream sessions reports can be downloaded from the platform and then assessed. These data sheets and evidence are then assured by our Senior Education Officers. The commitment figures are totalled to produce our reported performance.

In line with our PR19 Final Determination, if a customer commits to change their behaviour in relation to more than one of the three pledges following a single education session, we will only count this as one customer commitment for the purposes of this measure. To support this, our education programme has annual themes focussing on one topic each year and seeking just a single pledge. Therefore, a customer may attend separate education sessions over multiple years and make two or three pledges for different behaviours. In this circumstance we would count each pledge individually.

Our approach to assurance

As part of our ODI, it specifies that only one commitment per person, per message can be collected during the five year period. Our messages have been on rotation since the start of the AMP:

- Year one (2020/21) - Knowing what not to put down the toilet and sink.
- Year two (2021/22) - Using wonderful water wisely (not wasting water).
- Year three (2022/23) - Choosing tap water for a healthy you and a healthy environment (reducing plastics).
- Year four (2023/24) - Knowing what not to put down the toilet and sink.
- Year five (2024/25) - Using wonderful water wisely (not wasting water).

This year we were collecting commitments for our water topic for the second time during the AMP therefore extra checks have been implemented to eradicate any duplication. A master file containing all commitments made during 2021/2022 for the same topic (water) was created in order to establish if a school had made previous water commitments. We have had to use this data as all of it has been validated previously and as we do not hold commitment data for individuals due to GDPR rules, we have relied on the commitments made by each year group/the school overall. A year group reference table has been created to identify what year group the original children who made the commitments were in previously and what year group they are in now, this helps to identify which commitments need to be discounted.

Some children who were in Key Stage 2 year groups could potentially have moved onto secondary school and as we now host water educational sessions with secondary schools as well, we have added to the process to prevent duplication. For example, if year 6 made commitments in December 2021, they will be in year 9 in 2024 – if the secondary session was for year 9 the feeder schools will need to be checked to see how many commitments need to be removed. We use the School Guide website and pay a monthly subscription to identify the primary feeder schools.

G01 – WATER SUPPLY INTERRUPTIONS

The PR19 ODI Performance Model does not correctly calculate the ODI payment for the water supply interruptions PC due to the model not rounding performance to the nearest second with zero decimal places as specified in the PR19 Final Determination. We have applied an override to the model to correct error in the 'Company PC inputs' tab. The model we have submitted to Ofwat now correctly displays the ODI Payment of £0.468m for this PC in tab 3A. This is based on outperforming our PCL of 00:05:00 by achieving a performance level of 00:04:34 for 2024/25.

G07 – SPEED OF RESPONSE TO VISIBLE LEAKS

As identified at APR24, the PR19 ODI Performance Model does not correctly calculate the ODI payment for our speed of response to visible leaks PC due to the model displaying our PCL to two decimal places instead of one decimal place as specified in the PR19 Final Determination. We have applied an override to the model to correct error in the 'Company PC inputs' tab. The model we have submitted to Ofwat now correctly displays the ODI Payment of £0.751m for this PC in tab 3A. This is based on outperforming our PCL of 3.8 days by 0.7 days, achieving a performance level of 3.1 days for 2024/25.

G08 PERSISTENT LOW PRESSURE

Our plan on low pressure is supported by a strong focus on robust investigation to ensure we understand the root cause of the problem followed by timely intervention to resolve it. To support this plan, we have a logger fleet that provides us with greater than 96% coverage of our water network. This data helps us to understand the pressure of water received at our customer's boundary giving us the visibility to be nimble and proactive, ensuring we target the right areas of the network to reduce risk of low pressure. Overall, to support low pressure we have invested around £15 million over the AMP, following that investment we have 228 properties on the low pressure register, with 325 low pressure days attributed to them.

Below we provide further details on our plan and types of solutions that have helped us improve low pressure performance and enhance customer service.

As per our plan, we investigate every instance of poor pressure on the water distribution network. This investigation is undertaken by our Network Optimisation teams, who in addition to using logger and other relevant corporate system data, use field visits to understand the root cause and define the optimum solution on a proactive basis.

We have continued to utilise our toolbox of solutions to solve pressure problems as outlined below:

- Pump pressure reducing valve ('PRV') adjustment controllers – optimising the performance of current assets to ensure customers are receiving suitable pressures.
- Rezoning - reconfiguring the water network to improve network pressure and resolve low pressure issues.
- Installation of new small network pumps to lift the network pressure and resolve the low-pressure issue. These often require new pipework to enable the network to be reconfigured, or for specific customers to be supplied from them. They are mainly utilised when the properties are at a higher elevation than the surrounding network can supply under gravity.

For the installation solution there are three types of small network pumps that we used in AMP7:

- Arlington pump – a small pump for a low number of properties. These are mainly used on reservoir sites to feed very small numbers of properties.
- Kiosk small network pump – a small, mains powered kiosk set-up which can have various pump configurations.
- Solar pump – a small solar pump with battery back-up for a low number of properties in a suitable location. Three are currently installed and under use.

Other capital options such as:

- New link mains to increase network capacity (reduce head loss).
- Asset upsizing to increase network capacity (reduce head loss). This could be a section of pipework or meter / PRV set-up.
- New infra assets to enable network configuration. This may be a new DMA inlet (meter) set-up to enable network re-configuration.
- Rider mains with service transfers to provide higher pressure to customers.
- Service transfers, transferring properties from a low pressure main in a road to an adjacent higher pressure main to resolve low pressure issues.

Examples of how we have improved the network

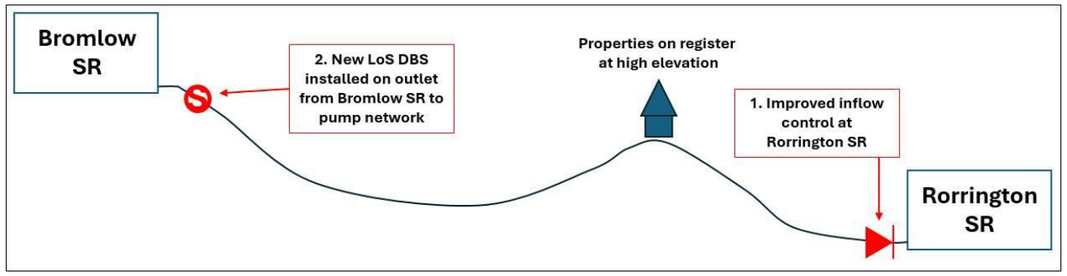
Below is an example of a capital scheme where multiple assets have been installed to mitigate a low-pressure risk.

Meadowtown - Shropshire

Network was supplied via gravity from Bromlow service reservoir ('SR'), however due to head losses and elevation of properties, a scheme to resolve two properties which breached every day and provide resilience to several at risk properties in the area was delivered.

1. Improved control into downstream reservoir inflow to better control flows through the network.
2. Installation of a distribution booster station ('DBS') to the upstream reservoir outlet to lift network pressures.

The plan below shows the delivered scheme at New Bromlow DBS



This scheme resolved the low-pressure issues at two properties.

Burwood – Shropshire

The network was supplied via gravity from Elsich Barn SR, in a rural area of Shropshire, a single property was receiving low pressure every day, in addition, a few adjacent properties were receiving low pressure but weren't on the Qualifying Properties Register ('QPR') as the point of connections were at a lower elevation than the properties. With the wider low pressure issue in mind, it was decided to develop a scheme to resolve both the QPR low pressure and the other properties that it went through. This meant laying an additional 185m of pumped new small distribution main.

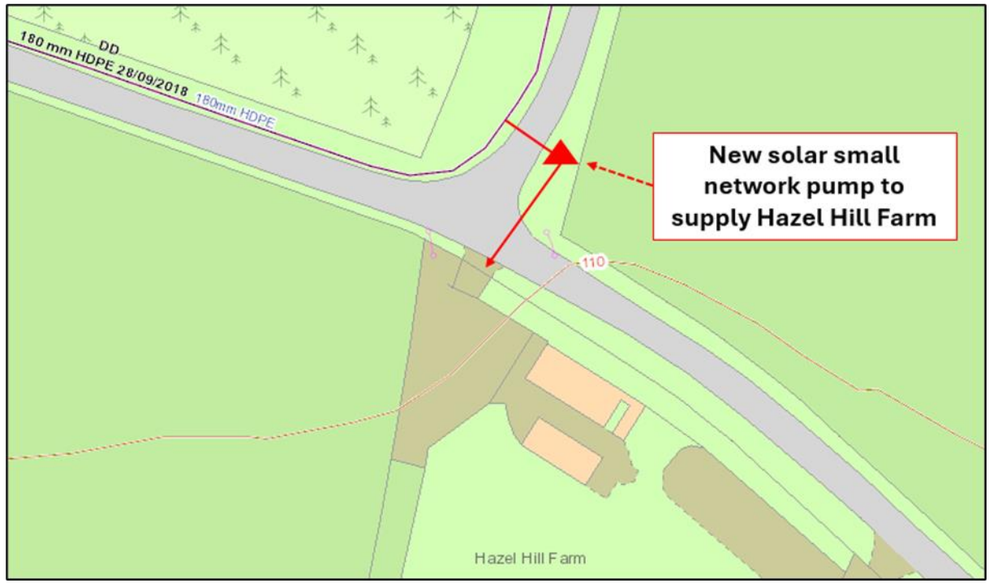
Due to the elevation difference between Elsich Barn SR and the property, the only viable solution was a small network pump.

- 110m of new suction main to new LoS DBS
- New small network pump
- 200m of pumped delivery mains to the supply the 4 properties.

Schematic showing network

Wing Solar Small Network Pump ('SNP')

A single property was receiving low pressure on the outlet of Wing Service Reservoir, the elevation of property means suitable pressures cannot be maintained from the reservoir. Due to the small demand / aspect of the site it was suitable for a solar SNP was installed, as shown below.



Network map

New pump and kiosk

This scheme resolved persistent low-pressure issues to one property.

C03 BIODIVERSITY - WATER & C04 BIODIVERSITY - WASTE

Our customers and stakeholders support action on biodiversity

Our customers supported a stretching approach to biodiversity at PR19:

- Biodiversity was not a front-of-mind issue for our customers at PR19. However, when we asked them about a "core" or "stretching" approach to biodiversity there was a high level of support for a stretching approach linked to spontaneous beliefs about the importance of the environment.
- Customers supported partnerships with NGOs and wildlife trusts.
- In our in-depth interviews with large non-household customers we found that the environment and biodiversity were important themes.

Our Customer Challenge Group, the Water Forum[1], insisted on a biodiversity ODI at PR19:

- "We have continually challenged on environmental issues […] and insisted on the inclusion of an ODI on biodiversity"
- "The sub-group challenged the company to adopt a more ambitious target to improve the biodiversity of both land under management by the company, and by partners engaged in action associated with the action plan. This ambition was underpinned by the adoption of an agreed Willingness to Pay value […] The company agreed to adopted (sic) more ambitious targets and a stronger incentive framework."

A significant contribution to Defra's draft target

Defra consulted on environmental targets in May 2022. In relation to biodiversity Defra proposed to:

"Create or restore in excess of 500,000 hectares of a range of wildlife-rich habitats outside protected sites by 2042, compared to 2022 levels"

We have now created over 16,200 hectares of land managed in accordance with a biodiversity action plan (which is approved by a registered environmental body) in five years, this equates to over 3% of the target for the whole of the UK over the next 20 years.

The biodiversity ODI enhances and maintains biodiversity

The PR19 final determination defines Severn Trent's biodiversity ODI as "the number of hectares of land managed in accordance with a biodiversity action plan which is approved by a registered environmental body".

The **Performance Commitment Levels** (PCLs) increase by 190.5 hectares each year because they require us to maintain the existing hectares we have enhanced in previous years and add 190.5 hectares of land managed in accordance with a biodiversity action plan each year.

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	Number	NA	190.5	381.0	571.6	762.1	952.6

For there to be an ongoing biodiversity benefit, we need to enhance and maintain the hectares of land managed. This requires us and our partners to make sure the appropriate maintenance activities are part of each scheme. Ofwat have confirmed that we are able to include hectares created in previous years in our annual performance total as we need to ensure that these continue to be maintained.

[1] https://www.stwater.co.uk/content/dam/stw/about_us/pr19-documents/water_forum_report_2018.pdf

The annual calculation used is:

Total hectares of land managed in accordance with a biodiversity action plan = land under biodiversity management on 31 March + new additions to enhancement during the year - land ceasing to be under management - any Sites of Special Scientific Interest ('SSSI') in our region we negatively impact.

In 2024/25 we have increased the land under biodiversity management as outlined in the table below:

	Biodiversity (water)	Biodiversity (wastewater)
Land under biodiversity management on 31 March	8,035.9	3,518.2
New additions to enhancement during the year	3,344.5	1,399.2
Land ceasing to be under management	- 35.7	- 28.9
Any SSSI in our region we negatively impact	- 0.0	- 0.0
Total	11,344.7	4,888.5

Environmental bodies sign-off the biodiversity management

For each biodiversity scheme (excluding Water Industry National Environment Programme ('WINEP') and Severn Trent Environmental Protection Scheme projects) there are two stages of sign-off by a registered environmental body (pre-approval and sign-off):

- Pre-approval – confirmation they agree that if the project is implemented it will benefit biodiversity over the specified area and qualifies as a deliverable under the performance commitment.
- Sign-off (project delivery) – confirmation that they agree the project has been successfully completed and we can claim the area towards the biodiversity ODI. Before and after photos are used as proof of completion; or
- Sign-off (active management) – confirmation that they agree the project has continued to be managed since being successfully completed in a previous year.

The environmental bodies that have carried out pre-approval and sign off for Severn Trent are shown below.

In 2022, we introduced a Biodiversity Sign-off Panel made up of Environmental practitioners from organisations such as Natural England and the EA, as well as academics from the industry to review our grant scheme projects.

[1] PR19-final-determinations-Severn-Trent-Water-Outcomes-performance-commitment-appendix.pdf (ofwat.gov.uk)

At the start of AMP7, projects were signed off by various environmental organisations. As the AMP progressed, we moved towards a more streamlined approach going directly to our regulators, the EA and Natural England, to obtain review and sign off.

Biodiversity Panel Sign Off

To aid the sign off process and provide additional assurance, since 2023 we have continued a panel based sign-off process, reviewed and agreed with Jacobs. Utilising impartial academics and regulator ambassadors to review our grant scheme portfolio and sign off on biodiversity improvements.

The panel consists of a minimum of five members for each review session. For the projects reviewed in 2024/25, the active members were:

- Penny Anderson: Over 50 years' experience setting up her own ecology consultancy, now retired but a founding member and active Fellow member of CIEEM (Chartered Institute of Ecology and Environmental Management), including winning the prestigious CIEEM medal in 2015. Penny is a renowned expert on British ecology.
- Geoff Nickolds: Decades of experience working in biodiversity and ecology, being a member on many committees and advisory boards including an EA Committee, Forestry Commission Regional Advisory Committee for the East Midlands and is a trustee of the Trent Rivers Trust. He has been a member of the National Trust Midlands Regional Advisory Board and of the Trust's National Council. He also works as an independent Conservation, Access and Recreation consultant.
- Rebecca Wright: Natural England Senior Manager: Cheshire, Learning & Development Lead
- James Hobson: Environmental Programme Manager at the EA
- Karyn Haw: Senior Advisor at Natural England

The panel had access to all evidence documents and attended discussion meetings to dissect each project put forward for review. In some cases, this involved the Biodiversity and Ecology team obtaining additional information from Partners or delivery teams to enable sign off. 100% of grant scheme projects were reviewed by the panel and all other projects were assessed through the existing process utilising impartial contacts from environmental NGOs and regulators to review and sign off.

Project benefits from AMP7 projects

All projects delivered in AMP7 have been reviewed to ensure the maintenance of the benefits is going ahead and offer support where needed. Although projects are classed as completed in the year that they are delivered, the true benefits are only realised once the improvement has been given time to naturalise and mature.

A random 15% sample of all projects were subject to an in person audit to check on maintenance and the rest were contacted digitally to ask for maintenance confirmation and evidence.

We have a rigorous assurance process

We understand how critical it is that our performance commitments are delivered true to the views of our customers and stakeholders, as reflected in our PR19 Final Determination. Therefore, our approach to assurance is robust. We apply three lines of assurance to our performance reporting to make sure the process is being applied correctly and that the resulting outputs reflect genuine performance improvements.

Our approach to first-line assurance

For partnership projects:

- All projects are checked at the proposal stage to ensure that: maps match the hectares we claim to be improving; the project will produce a habitat improvement for biodiversity; and the partner/Severn Trent project manager has complied with any legal and regulatory obligations.
- All projects are subject to 'check-ins' throughout the year. For our Nature Delivery Partners, this is quarterly, for our grant scheme projects, this is done by email check-in at mid-year and full year.
- All evidence submitted by Partners is checked by the Severn Trent expert. Maps are checked to ensure the area claimed is correct and photos are representative of the work completed according to the agreement.
- A random sample of 30% of projects completed in a year are subject to a site audit.
- A random sample of 15% of all projects in active management - from previous years - are subject to a site audit.

For Severn Trent Environmental Protection Scheme ('STEPS') and Phosphorus ('P') reduction projects:

- For all STEPS applications and P-reduction applications being claimed against the ODI (not in ongoing maintenance) – the advisors check all the project documentation and complete a validation form on site with the farmer and collect any outstanding evidence required.
- For STEPS and P-reduction projects, a random 10% sample of all previously completed works will have a site visit undertaken by an agricultural advisor. These checks are then reviewed by a catchment scientist.
- For all other previous applications not in the random 10% sample, all second-year evidence is sent in by the farmers, the advisors check it, and if more information is needed, they liaise with the farmers to get the appropriate evidence.

Our approach to second-line assurance

For partnership projects:

- Projects are pre-approved by an independent environmental organisation.

3B - OUTCOME PERFORMANCE - WASTEWATER PERFORMANCE COMMITMENTS (FINANCIAL)

Year ended 31 March 2025

C05 - SATISFACTORY SLUDGE USE AND DISPOSAL

Severn Trent can confirm that our reported performance for this PC complies with EPA version 3.

C06 – IMPROVEMENTS IN WFD CRITERIA

The purpose of this commitment is to encourage the company to enhance river water quality in line with the requirements of the Water Framework Directive ('WFD'). This performance commitment supports environmental and public benefits by improving the ecological health and visual appeal of rivers, thereby enhancing recreational and other uses.

Performance is measured by the number of WFD classification improvements directly attributable to the company's interventions aimed at improving river water quality and/or quantity.

We achieved 267 points against a PCL of 211, significantly exceeding our target. This performance commitment spans improvements across wastewater, water, and eel related programmes. The table overleaf outlines our delivery across these categories.

	Wastewater – nutrient, sanitary and ecological	Wastewater – chemical quality	Wastewater – AMP8 acceleration	Water - flow	Water - eels	Total
AMP7	161	62	24	19	1	267
Year 1	0	0	0	0	0	0
Year 2	14	0	0	0	0	14
Year 3	0	5	0	0	0	5
Year 4	9	7	0	0	0	16
Year 5	138	50	24	19	1	232

We exceeded our targets for the wastewater programmes. Our Asset Planning teams, responsible for defining the solutions to meet our obligations, collaborated closely with our Process Teams to maximise environmental benefits on our Wastewater WFD programme.

The wastewater programme was delivered by our Capital Delivery teams in partnership with our framework supply chain. We proactively overpromoted work to mitigate key programme-wide risks, including material supply chain constraints and flooding impacts on pipeline transfer projects. This strategic approach ensured resilience and continuity in delivery.

Key risk mitigation strategies included:

- Early engagement with key supply partners
- Advanced procurement of critical materials
- Rigorous project controls

These measures enabled us to deliver all promoted projects by the end of AMP7, exceeding our original forecast. As part of our early AMP8 programme, we identified efficiency synergies between AMP7 and AMP8 projects. This allowed us to deliver additional environmental improvements, including enhancements to water bodies listed in the AMP8 WINEP programme.

F01 – INTERNAL SEWER FLOODING

Executive oversight

This year we achieved our best ever internal sewer flooding performance.

Given the importance that we and customers attach to sewer flooding, in 2024 we embedded weekly executive level oversight of all internal sewer floodings. This level of oversight of the customer journey, root cause assessments and delivery of follow-on work, means we are able to more rapidly drive changes in response to emerging issues and trends, share learnings and embed improvements across the business.

Each internal flooding incident now triggers the creation of a deep-dive storyboard by operational experts. These storyboards are reviewed on a weekly basis (within seven days of the incident) on a call with the Operations Director, Waste Strategy and Performance business lead, the Environment business leads and the Wastewater Team Managers. These calls are designed to:

- review and understand incidents of internal sewer flooding;
- peer review and share knowledge across the team to ensure we deal with all internal sewer floodings on a consistent basis;
- discuss any lessons learnt; and
- escalate and refine any required follow-on work.

Increased refinement and escalation of the follow-on work related to internal floodings is a key output of these meetings, which has contributed to a year-on-year reduction of repeat internal sewer floodings of over 25%.

Prioritisation of properties with a cellar and a blockage

Analysis conducted in summer 2024 showed that around 40% of internal sewer flooding incidents affect our customers' cellars. As a result of this analysis, in October 2024 we implemented positive steps to improve our operational response for customers experiencing blockage symptoms where their property has a cellar. Analysis shows this has contributed to a reduction of over 40 internal sewer flooding incidents in cellars compared to 2023/24.

When a customer reports a blockage to our call centre, they are asked if their property has a cellar. If they do have a cellar, the job is prioritised for a faster response time compared to other blockages. This optimised response is designed to restore waste water service for the customer before an internal flooding occurs.

On occasions where the blockage is assessed to be on private pipework, our faster response allows customers to address their private issue sooner – minimising the individual customer risk of a private internal flooding.

We intend to continue close monitoring of this performance to ensure the best outcomes for customers, regardless of their property having a cellar or not.

Design and delivery of customer solutions

While optimising our operational response has contributed to improved internal flooding performance this year, we recognise that investments in waste network assets can also reduce the impact of flooding incidents for our customers. In 2024/25 we have continued to fit non-return valves ('NRVs') in the public sewer or at the customers property to prevent the public sewer from backing up when full to a particular location when the network is reaching capacity, thus avoiding flooding to an individual property or a larger area. At the end of AMP7, we have now fitted over 750 NRVs. We have also mitigated risk at over 1250 properties by continuing to install more flood mitigations in customers properties, such as air bricks and flood gates.

Garage barrier install

Double Flood Gates

Air Brick Install

We have also continued to invest in solutions to mitigate hydraulic flooding issues. We continue to design the best solutions from a range of techniques:

- Sewer upsizing
- Online and offline storage
- Catchment transfers

- SuDS and Surface water features

Our plans moving forwards

We recognise the importance of delivering good internal sewer flooding performance for our customers year after year, as internal flooding is still one of the worst outcomes for customers from asset non-serviceability. Our aim is to maintain and improve internal sewer flooding performance by:

- Continued storyboard reviews by senior stakeholders as mentioned above, now with an increased focus on customer care by the new addition of reviewing customer clean ups following an internal flooding
- Continued prioritisation of properties with a blockage and cellar and monitoring of this metric to view long term effects of the change in operational response

F05 – EXTERNAL SEWER FLOODING

Flooding due to jetting improvements

In April 2024, we implemented innovative solutions to reduce flooding due to jetting (FDTJ). These solutions have benefitted both internal and external sewer flooding ODIs, cutting FDTJ by 47% compared to 2023/24.

The new process requires operatives to seek additional approvals from expert technicians when encountering high risk jetting scenarios. Operatives use cameras to record the jetting scenario on the ground, which can be viewed in near-real time by the expert technicians via our 'VYN app'. Approval is then granted or alternative resolutions suggested if the scenario is deemed to have a risk of FDTJ which is too high.

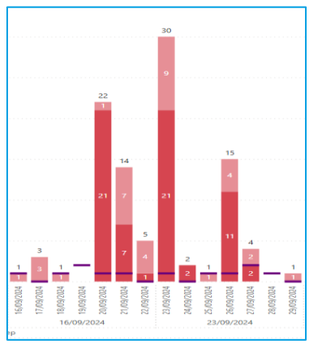
If jetting is approved, operatives now also deploy adhesive toilet pan seals to properties deemed higher risk of internal FDTJ, as well as using a reverse-jetting nozzle where appropriate.

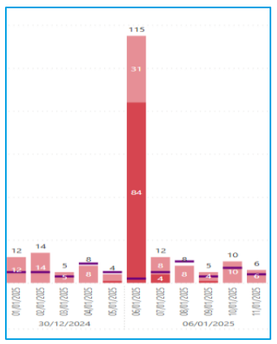
We are now pursuing improvements with the 'VYN app' to try and drive FDTJ down even further.

Intensity of rainfall continues to impact performance

2024/25 saw fewer named storms affect the Severn Trent region than the ten which impacted the region in 2023/24. However, this was offset by intense localised flooding due to unnamed severe wet weather events, which brought exceptionally intense rainfall to isolated parts of the region.

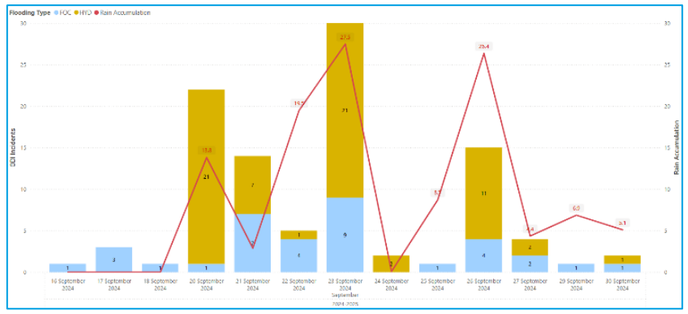
Focussing on the two most severe unnamed weather events shows that over 200 external sewer floodings were recorded during these events. This far surpasses our data-driven historical expectations for the affected counties and dates. Graphical analysis shows the outlier effects of these weather events compared to surrounding dates (see below figures). Both hydraulic flooding and flooding other causes increased during these severe weather events.





External Sewer Flooding incidents in Worcestershire and Gloucestershire September 2024 (left) and Nottingham and Leicestershire January 2025 (right).

Focussing on the event in Worcestershire and Gloucestershire in September 2024, supplementary analysis shows that the postcode which suffered worst for hydraulic flooding saw overlap in incidents with storm return periods of between 30 and 100 year return rainfall events. Many catchments in Worcestershire and Gloucestershire saw daily rainfall accumulations of more than 50mm, with some experiencing more than 70mm on the most severe weather days. The above graph shows the direct correlation of high rainfall to hydraulic external sewer floodings during the event. The top 10 postcodes in Worcestershire and Gloucestershire saw 42 floodings during the event, showing the localised impact that severe rainfall had on isolated postcodes.



External Flooding incidents in Worcestershire and Gloucestershire vs Rainfall (red line), September 2024.

Whilst this is not an excuse to justify external flooding performance for customers affected by these localised weather events, this analysis shows the impact that severe weather has had at a localised level this year even without experiencing a host of named wet weather storms in the region.

Areas for improvement in our operational response

Following the insourcing of operational crews and scheduling in September 2023, we have now seen our first full financial year of improvement in our:

- ability to upskill and coach operational behaviours;
- control of which jobs to prioritise;
- data quality for flooding root causes; and
- ability to model operational scenarios.

The above benefits have allowed us to review our operational model this financial year with greater operational insight in 2024/25. Following our analysis, we have concluded that we need to make further changes to drive external floodings performance.

In response to these findings, we are now in the process of:

- Bolstering our front-line response with 72 additional operational staff under recruitment including van operatives, back-office technicians, and line managers.
- Purchasing more equipment for the new operatives to solve issues on the first attendance.
- Amending the workforce shift pattern to provide a more consistent customer experience.
- Switching to a largely single solving crew type for our smallest vehicles.

Our ambition with these changes is not just to attend faster, but also attend with better skills, quality, evidence gathering, and customer service than before; ultimately benefitting our overall customer experience as well as driving improvements in external sewer flooding performance. Furthermore, our ambition with these changes is to also reduce the impact of floodings where multiple properties experienced flooding caused by

one blockage. This phenomenon was highlighted in the APR queries process last year and has continued to be an area of identified improvement for us.

Our approach to assurance

We have continued to apply the same approach and methodology to the assurance of floodings, as outlined in our APR24 additional information. The key changes were 1) dedicated resource for additional hydraulic verification for events that occurred during extreme wet weather and 2) assessment of floodings from external assets. With regards to the latter, below is a reminder of the approach taken.

Constructed additions to properties (i.e. lean-tos / extensions / conservatories / porches) connected via an adjoining door to the main building, which have left originally positioned external assets in these areas that experience an escape will be recorded as an external incident. No arrangements have been made to seal or to relocate the asset from its previously external location. This includes, but not exhaustive to, previously external gullies / manholes / rodding eyes and asset access points.

Properties built with cellars that are not a later addition and contain a drainage point will remain as internal. Any flooding from an external area over the threshold into an internal area will also continue to be deemed as an internal flooding.

Our plans moving forwards

While 2024/25 saw increased focus on internal floodings and yielded the benefits of this, we recognise the importance of better understanding the major drivers behind external floodings in AMP8 to continue delivering frontier performance for our customers.

To get ahead of the curve for the new AMP, analysis of external floodings has pointed to several levers which we intend to pull:

- Replicate the success of internal flooding executive focus – by storyboarding and reviewing a sample of external floodings alongside internal floodings, on at least a quarterly basis.
- Improving our operational response – our ambition is to attend all jobs even faster. Recruitment is already underway.
- Assessing risk of external floodings – new workstreams in 2025/26 aim to better assess risks of external floodings to minimise their impact when they do occur.
- Continued insight and analysis – perform more forensic insight and analysis of external flooding drivers to maximise the impact of our investment to drive performance to the next level.

More information on floodings

Our recently submitted request for information on customer flooding care has provided Ofwat with further information on the data and processes followed when we receive a reported flooding. Case studies are also provided to give real-life customer journeys.

Override to ODI Performance Model

In 2024/25 we reported 7,018 external sewer floodings in the performance model submitted to Ofwat. However, as a result of our Green Recovery investment, we avoided an additional six external floodings that are not included in our reported performance but should be included for the purpose of calculating ODI payments. Therefore, the ODI payment should be calculated based on 7,024 external floodings. To account for this, we have applied an override to the 'Company PC inputs' tab. The model we have submitted to Ofwat now correctly displays the ODI Payment of -£87.773m for this PC in tab 3B. This is based on 7,024 external floodings against our PCL of 3,397.

F06 – SEWER BLOCKAGES

Accumulating blockage benefits since year one of AMP7

2024/25 has seen the best blockage performance of AMP7. A reduction of around 2% for sewer blockages was recorded compared to 2023/24, which we attribute to the accumulating benefit of five years of investment in our suite of proactive and planned programmes. While the sewer blockages PC is not reportable in AMP8, we recognise the importance of continued work to improve blockage performance. Blockages continue to be the most commonly triaged customer issue, as well as be the primary driver of both floodings and pollutions. We are continuing investment in these programmes in 2025/26.

Headline breakdown of our proactive and planned programmes

In previous APR query processes, we have provided detailed responses which explain the activities we carry out to drive blockage performance proactively. We have continued these activities this financial year with headlines below.

Proactive Sewer Cleansing and Repairs: Our analysis shows that almost 90% of internal and external sewer floodings are first-time floodings, where this is defined as flooding incident not occurring at that exact property within 365 days. These floodings are hard to predict. We have risen to this challenge by investing over £12 million in our proactive programs targeting areas of predicted interest, bringing our cumulative investment to over £88 million for AMP7. By carrying out proactive programmes throughout the AMP, we have now surveyed over 210,000 pipes, carried out over 93,000 serviceability interventions and over 34,000 structural enhancements. We are ramping up our spend on proactive cleansing and repairs programmes for year one of AMP8, with the ambition of increased spending driving reduced sewer flooding and pollution incidents.

Sewer Monitoring: Our sewer monitoring programme has cumulatively prevented more than 1,900 blockages across AMP7. Moving forward, we are now in the process of pivoting our sewer monitoring strategy to improve alarm performance, repair monitors which were fitted early in AMP7, and respond to alarms within an improved time frame. This pivot is designed to ensure we are getting the most proactive value for our customers and the environment from the thousands of monitors which we have fitted throughout the AMP. We are also investing in more new monitors which will be fitted in AMP8.

Planned Sewer Cleansing: In addition to the proactive cleansing programme mentioned above, we have invested a further £2.4 million in the regular planned cleansing of assets in 2024/25.

Comms Campaigns: Key messaging has remained consistent, "Be a binner, not a blocker". Alongside this message, we now use people-focused videos and photography to showcase the impact blockages and flooding can have on customers' homes. We have continued to use our established reach channels, as well as introduce AI-driven digital adverts, to engage key audiences based on demographic insights. This new methodology was used during our 2024 'Storm Readiness' campaign to deliver advice to customers on how to prepare their homes for upcoming storms when wet weather / heavy rain was forecast in the area.

Customer Education: Our Network Protection and Environmental Compliance and Services teams continue to engage with our communities to educate customers on network misuse. Cumulative customer interactions from the Network Protection team have now reached 378,000 for the AMP.

3C - CUSTOMER MEASURE OF EXPERIENCE ('C-MeX')

Year ended 31 March 2025

No additional commentary relating to this data table.

3D - DEVELOPER SERVICES MEASURE OF EXPERIENCE ('D-MeX')

Year ended 31 March 2025

No additional commentary relating to this data table.

3E - OUTCOME PERFORMANCE – NON-FINANCIAL PERFORMANCE COMMITMENTS

Year ended 31 March 2025

No additional commentary relating to this data table.

3F - UNDERLYING CALCULATIONS FOR COMMON PERFORMANCE COMMITMENTS (WATER AND RETAIL)

Year ended 31 March 2025

No additional commentary relating to this data table.

3G - UNDERLYING CALCULATIONS FOR COMMON PERFORMANCE COMMITMENTS (WASTEWATER)

Year ended 31 March 2025

No additional commentary relating to this data table.

3H - SUMMARY INFORMATION ON OUTCOME DELIVERY INCENTIVE PAYMENTS

Year ended 31 March 2025

No additional commentary relating to this data table.

3I - SUPPLEMENTARY OUTCOMES INFORMATION

Year ended 31 March 2025

No additional commentary relating to this data table.

ADDITIONAL REPORTING REQUIREMENTS

Code	Measure	Commentary
A02	Reducing residential gap sites	Third line assurance of the performance commitment was undertaken by our auditor, Jacobs, confirming the Company has rigorous processes that are correctly implemented to identify and bill new properties.
D01	C-MeX	We offer a range of contact channels for our customers which exceed the minimum of five channels as set out by Ofwat. Customers can contact us by the following methods: letter, email, telephone, WhatsApp, Livechat, iMessage, short message service ('SMS') and social media (Facebook direct message, X direct message, Instagram direct message).
D02	D-MeX	As part of our year-end assurance activities, we have utilised our standard three lines of assurance processes to ensure that our performance is an accurate reflection against the selected Water UK metrics in D-MeX. We confirm we have not found any material issues as a result of this process. Additionally we wrote to Ofwat providing a comprehensive response, articulating our methodology and assurance in place to satisfy compliance, which Ofwat were satisfied with no further actions required.
E02	Priority services for customers in vulnerable circumstances	Priority Service Register ('PSR') reach: The % split across the PSR membership categories A to E: A) Number on PSR – Communications: 7,267 (1.82%) B) Number on PSR – Mobility & access restrictions: 118,176 (29.43%) C) Number on PSR – Supply interruptions: 179,045 (44.56%) D) Number on PSR – Security: 25,815 (6.43%) E) Number on PSR – Other needs: 71,460 (17.76%) PSR data-checking: We monitor for operational purposes PSR membership month on month. Over the year we have had 70,021 customers added and 32,894 removed. Third parties are not utilised to support attempted contact activity at present, as such all activity is direct from Severn Trent Water and reported in our attempted contacts measure.
F08	Green communities	Third line assurance of the performance commitment was undertaken by our auditor, Jacobs, which included confirmation of the adherence to the reporting methodology and as noted by the B£ST Moderation Board Action Decision Log, there is no double counting against the Biodiversity or Water Framework Directive PCs for the three schemes being claimed. Two capital projects have contributed towards this years benefit value in Richard Bonnington (SuDs for schools) and Hilton Road, Stoke-on-Trent.
G05	Unplanned Outage	Severn Trent Water reports its current Peak Week Production Capacity ('PWPC') in Ml/d using telemetry data either from real world max weekly flows or capacity testing. The PWPC for each site is reviewed annually, capacity testing is carried out on five year rolling programme using a risk-based approach. Where a PWPC is amended or realised from a capacity test, it is applied in the next performance year. Both planned and unplanned outages are subject to 100% first- and second-line assurance checks to confirm start time, end time, total duration and total reduction in production (Ml/d) using telemetry data. This evidence is also supported with work logs and operational evidence. Sites are grouped together into water resource zones, and data for planned and unplanned outages can be split accordingly. When a works is impacted from a water quality issue, normal water quality operating bands are taken into consideration.
G06	Risk of severe restrictions in a drought	We carried out an update of the 25-year (2020-21 to 2044-45) average risk. This average risk update applied only to the year in question (i.e. not any update to previous years or years after the year in question). The reported risk, as assured externally, remains unchanged from the previous year, and in line with our performance commitment level for Year 5 of AMP7. A balance sheet of supply-demand changes does not accompany this text commentary as there is no change in terms of performance from the previous year or the performance commitment level.

		The updated 25-year average customers at risk and percentage of customers at risk in a 1-in-200 year drought covers the same 25-year period (2020-45) as the forecast and is consistent with delivery and other updates reported during AMP7 reporting. We have continued to use the WRMP19 models and methods for this metric and remain in line with our forecast, therefore no backcast of the original baseline performance has been carried out. Performance remains in line with forecast of 56.2% risk over 25 years. Certainty Grades per water resource zone are: Bishops Castle C1 Chester B1 Forest and Stroud B1 Kinsall C1 Mardy C1 Newark B1 North Staffordshire B2 Nottinghamshire B1 Rutland n/a Ruyton C1 Shelton B1 Stafford C1 Strategic Grid B2 Whitchurch and Wem C1 Wolverhampton B1 The Company level grade is B2 based on the Strategic Grid as the largest zone, and Majority of the larger zones are B1 or B2.
G07	Speed of response to visible leaks	We categorise a leak as significant if it has one or more of three criteria. • Categorised as an urgent response at point of contact; • Categorised with one of our six supply interruption job codes at point of contact; and/or • Repaired using a '2 hour urgent' notice with the council (also known as a 2U or 2E notice). After exclusions, the number of leaks that fell into the significant category was 7,977. The number of leaks that fell into the non-significant category was 4,126. If a leak does not meet any criteria to be classified as 'significant' then the leak will fall into the 'non-significant' pot. We do not categorise the non-significant pot any further. Other than they are not an urgent response, nor a supply interruption, nor were repaired using an urgent notice. As the manual exclusions are such a small number and we categorise the majority of leaks as significant. In line with our reporting definition, we exclude 'non-2U' customer reported, network leaks that require a third party to provide special or unusual permission or where a third party's equipment needs checking, supporting, isolating or removing to make it safe for us to repair the leak.
H03	Farming for Water	Cumulative progress against our internal Key Performance Indicators are recorded monthly, however, the Farmscoper model used to update these results is run at variable frequency across the year (biannually as a minimum) with progress against our targets only changing after a model run. The irregularity of model runs is driven by the large amount of resource required to set up and undertake each model run (which can take several weeks). Furthermore, the catchment measures which are fed into Farmscoper are completed by farmers at varying timescales throughout the year, as needs dictate. As such there may be periods where model runs are not required due to the lack of new data, or conversely where large inputs of data would warrant running the model at a shorter timescale to understand the impact of measures. Tracking and updating our results in this way allows best use of time and resources, and offers no advantage to achieving performance commitments. Some progress figures have reduced due to transitioning to the new and more accurate Farmscoper version 5 model in Year four. At the end of Year 5, the company has outperformed on the performance commitment, with 57 catchment schemes which have met their end-of-AMP (Year five) targets. Two catchments have failed to meet their end-of-AMP targets and so cannot be claimed.

4A - WATER BULK SUPPLY

Year ended 31 March 2025

This table is a nil return, as Severn Trent Water does not have any trades that qualify under the RAG 4.12 definition.

4B – ANALYSIS OF DEBT

Year ended 31 March 2025

No additional commentary relating to this data table.

4C – IMPACT OF PRINCE CONTROL PERFORMANCE TO DATE ON RCV

Year ended 31 March 2025

TOTEX (NET OF BUSINESS RATES, ABSTRACTION LICENCE FEES AND GRANTS AND CONTRIBUTIONS, ROWS 1-14)

In 2024/25, wholesale totex was £421 million more than the Final Determination (FD), before the impact of customer sharing, and £992 million in total for AMP7. As required, we have excluded Green Recovery expenditure, as recorded in table 4U, and Accelerated Programme and Transition expenditure, as recorded in tables 4L and 4M from table 4C. Additionally, we have treated the WFD 'real options mechanism' as a timing adjustment within table 4C, in line with previous years.

We have included restatements to prior year totex in the cumulative values to ensure compliance with latest RAGs and consistency of treatment throughout the AMP. These are summarised in the following table, where positive values indicate an increase in reported actual expenditure and negative numbers indicate a decrease.

Item	Price control affected	Value (Y1-Y4 total)
Reclassification of costs relating to Farms and Visitor Experience Sites as Non-Appointed in line with RAG4.09 Appendix 1.	Water Resources	(£4.372m)
Correction of treatment of expenditure related to right-of-use assets under IFRS16	All	£19.231m
Additional Transition Expenditure identified in 2023/24 related to AMP8 smart meter infrastructure	Water Networks+	(£0.811m)
Correction of developer services adjustment made in 2022/23 which is no longer required for AMP7 under RAGs	Water Network+ and Waste Network+	(£3.687m)
Total changes to PY totex		**£10.361m**

In addition, we have also completed a review of costs incurred across the AMP which are disallowable for the purposes of cost sharing, including environmental fines and customer compensation payments. In

addition to costs incurred in this category for 2024/25, we have also classified £15.550m of costs relating to Y1 – 4 of AMP7 as disallowable, and therefore excluded them from cost sharing.

Our commentary below discusses the variance in the year, and for the AMP after the adjustments laid out above for each price control, considering scope, timing and efficiency.

Water Resources

In year, Water Resources spent £6 million more than the FD, with a continuation of investment into our borehole maintenance programme to maximise water availability. We have also spent £5 million in year, and £16 million AMP to date relating to health and safety maintenance of reservoirs under Section 10 of the Reservoir Act inspection regime. Overall, Water Resources was £70 million higher than the FD for AMP7.

Water Network+

In Water Network Plus, we have continued to invest in customer driven programmes to deliver operational outperformance. This includes investment in our metering programme, delivering over 120,000 meter installations in the year, and reduction in leakage of 16.8%. In total, Water Networks Plus expenditure was £132 million higher than the FD in year, and £616 million AMP to date.

Wastewater Network+

Waste Network Plus spent £300 million more than the FD in the year. £127 million of this relates to the Water Framework Directive ('WFD') 'real options mechanism' which has been adjusted out as timing in line with the guidance provided and previous years treatment, and a further £70 million relates to the phasing of delivery of elements of the WINEP capital programme to later in the AMP than the FD assumed. The remaining expenditure above the FD reflects our continued investment to reduce storm overflow spills, with around 1,800 interventions now installed on priority sites, as well as significant investment into our WINEP programmes.

AMP to date, Waste Networks Plus is £105 million higher than the FD after timing adjustments.

Bioresources

In year, Bioresources outperformed the FD by £16 million. Capital expenditure focused on continued investment at our Strongford Net Zero site, and continued higher energy prices drove higher generation income, which is netted off gross power costs. Cumulatively, Bioresources expenditure is £33 million lower than the FD, reflecting the overall benefit of higher energy prices.

BUSINESS RATES AND ABSTRACTION LICENCE FEES (ROWS 15-21)

Business rates and abstraction licence fees were £6 million higher than the FD in the year, driven by business rates in Waste Network+. In total for AMP7, these costs were £1 million higher than the FD, 75% of which will be shared back with customers.

TOTEX NOT SUBJECT TO COST SHARING (ROWS 22-24)

Totex not subject to cost sharing is £10 million lower than the FD across the price controls in the year, and £78 million in the AMP. The components of performance in the AMP are:

- Income offset was significantly lower than the FD, and we continue to note that the FD allowance for this item was higher than the value submitted in our PR19 plan.
- Expenditure on strategic resource option ("SRO") projects was lower than the FD due to the Severn Trent Sources and Severn to Thames Transfer SRO projects not being selected as a preferred option in the Thames Water and WRSE (Water Resources South-East) final draft WRMP (Water Resources Management Plan). As a result of this, these two SROs have not been progressed to the extent assumed in the FD.
- Third party costs were £6 million under the FD.
- Non-price control diversions, net of grants and contributions were broadly in line with the FD
- Disallowable costs, including compensation payments and environmental fines, totalled £25 million.

4D – TOTEX ANALYSIS (WATER RESUORCES AND WATER NETWORK+)

Year ended 31 March 2025

No additional commentary relating to this data table.

4E – TOTEX ANALYSIS (WASTEWATER NETWORK+ AND BIORESOURCES)

Year ended 31 March 2025

No additional commentary relating to this data table.

4F - MAJOR PROJECT EXPENDITURE BY PURPOSE (WHOLESALE WATER)

Year ended 31 March 2025

The credit for SRO Advanced Feasibility is because we transferred spend cumulatively to Nottinghamshire Mine Water and West Midlands Raw Water Sources (AMP8 new SROs) that it related to.

4G – MAJOR PROJECT EXPENDITURE BY PURPOSE (WHOLESALE WASTEWATER)

Year ended 31 March 2025

No additional commentary relating to this data table.

4H – FINANCIAL METRICS

Year ended 31 March 2025

Lines 4H.15 and 4H.16 – In accordance with RAG 4.13, the interest cover metrics are calculated using the interest paid element of net interest paid reported in 1D.10.

Breakdown of interest paid on borrowings	2024/25
Interest paid (used in the above interest cover ratios)	284.4
Interest received and similar income	-38.5
Net interest paid as reported in 1D.10	245.9

The breakdown of interest paid and interest received has been taken directly from Severn Trent's statutory accounts. Note that interest paid comprises of £280 million interest paid on borrowings and £4 million of interest paid on finance lease.

4I – FINANCIAL DERIVATIVES

Year ended 31 March 2025

No additional commentary relating to this data table.

4J – BASE EXPENDITURE ANALYSIS (WATER RESOURCES AND WATER NETWORK+)

Year ended 31 March 2025

Power expenditure decreased by 38.5% across Water Resources and Water Networks as a result of hedging at a significantly lower rate compared to 2023/24 due to falling market prices. The weighted average price of electricity imports was £214/MWh in 2024/25 compared to £347/MWh in 2023/24, driving a £90.0 million reduction. Large sites price decreased by £133/MWh year-on-year while small sites price decreased by £14/MWh year-on-year.

Power consumption across 2024/25 decreased by £3.1 million, mainly a result of lower consumption on large sites which is favourable by 10 GWh year-on-year driven by a milder summer and less rainfall over the course of the year compared to 2023/24. Although there was less rainfall it fell consistently throughout the year helping maintain reservoir levels during the summer. Better working practices and controls over power consumption by the business has contributed to reducing the power consumption required to treat 1 MLD of water in 2024/25.

Negative expenditure decreased £0.4 million in Water Resources driven by a reduction in feed-in-tariffs and decreased by £0.3 million in Treated Water Distribution due to lower demand management income.

Bulk supply expenditure increased by £1.7 million in 2024/25 within 4J with £1.1 million increasing against Water Resources mainly driven by inflationary increases from suppliers year-on-year plus a £1.0 million prior year true up.

Infrastructure renewal expenditure decreased £19.8 million in Treated Water Distribution in 2024/25 driven by a significant reduction in mains renewal, as work moved to a higher proportion of capital mains renewal work in the year. Raw water decreased £1.8 million as the project on Derwent Reservoir nears completion.

Other operating expenditure across Water Resources and Water Networks increased £7.5 million year-on-year driven by higher net employment, hired and contracted costs, to support the continued investment in growing our front-line teams to drive performance improvements and support the step up in our capital programmes.

Net employment costs increased £16.1 million in 2024/25 with the annual pay review increasing basic pay (5%), plus an improved operational performance leading to higher bonuses paid to all employees. Treated Water Distribution increases in net employment costs also led by FTE growth with leakage operations requiring an additional 20 FTE to support the drive in leakage reduction, totalling £2.4 million. Network control saw average year-on-year growth of 66 FTE with 46 FTE within Network response to support with supply interruptions totalling £4.1 million.

Hired and Contracted costs increased £8.9 million in 2024/25 driven mostly by increased expenditure in new technology and increased statutory spend to maintain compliance. Water Treatment costs increased by £3.1 million due to increased demand with asset failures in the year, with an increase in effort required to support an on-going sludge issue at Broughton.

Treated Water Distribution Hired and Contracted costs increased £5.7 million with £0.4 million of hired staff to support in waste telemetry & operations teams and £1.0 million expenditure for tankering and assistance in the Network response team. Water Network operations increased £4.1 million with higher gang costs to support with the increased volumes within leakage, with jobs 11% higher than 2023/24.

Material & Consumables remained consistent in 2024/25 except for a reclass between materials and Hired and Contracted for Treated Water Distribution of £1.8 million, offsetting with Sewage Collection.

Other costs within Water Resources increased by £0.7 million year-on-year predominantly driven by the recognition of a provision for Blackshaw Moor due to be decommissioned, offset partially by a reclass from base to enhancement operating expenditure for costs that relate to the delivery of WINEP WFD environmental measures schemes.

Insurance costs year-on-year spend reduced from £16.3 million to £12.0 million due to there being fewer insurance claims across the year and fewer major claims in the year.

Rates expenditure within Water Resources and Water Networks has increased by £2.6 million year-on-year driven by inflationary increases impacting both Water Networks and Wastewater Networks.

Base capex across Water Resources and Water Network decreased £49.9 million year-on-year driven by emphasis towards enhancement (£37.2 million increase) and AMP8 expenditure (£137.7 million increase) with 2024/25 being the last year of the AMP to ensure compliance with ODIs.

Treated Water Distribution decreased £22.6 million primarily driven by fewer "generic" meter installations and maintenance, as we focus on smart meters and AMI jobs in Green Recovery with meter maintenance decreasing £11.3 million year-on-year. This includes small meter maintenance decreasing £6.3 million and proactive replacements decreasing £5.0 million. Expenditure also decreased in our telemetry programme (£6.0 million) and service reservoirs and towers programme (£5.2 million), as most remedial works to maintain our distribution service reservoirs were completed in 2023/24. General management and support expenditure has also decreased which includes a £6.8 million decrease in tech support costs.

For 2024/25 we have reported mains renewal expenditure on Infra assets which meets the requirements of base capex spend within 4J.15 per the RAG guidance.

Water Treatment decreased £28.0 million driven mostly by lower base capex towards the Hampton Loade project (£5.7 million), WTW surface water scheme (£4.6 million) and WTW ground water scheme (£3.1 million). Expenditure on security enhancement remained consistent in 2024/25 with £6.7 million reported,

while water catchment management expenditure of £6.9 million also remained consistent to support with the delivery of our Biodiversity project to meet our performance commitment level.

4K – BASE EXPENDITURE ANALYSIS (WASTEWATER NETWORK+ AND BIORESOURCES)

Year ended 31 March 2025

Power expenditure decreased by 24.3% across Wastewater Networks and Bioresources as a result of hedging at a significantly lower rate compared to 2023/24 due to falling market prices, the weighted average price of electricity imports was £214/MWh in 2024/25 compared to £347/MWh in 2023/24 driving a £90.0m reduction. Large sites price decreased by £133/MWh year-on-year while small sites price decreased by £14/MWh year-on-year.

Energy consumption decreased within Sewage Treatment by £1.0 million also driven by 2024/25 being a drier year compared to 2023/24. Other power costs increased year-on-year by £4.2 million driven by increases in gas. Gas import price has increased by £8/MWh year-on-year which is a result of the market price in 2024/25 being higher than the hedged price in 2023/24. Gas consumption also significantly higher due to the result of meter issues at Finham which led to reported consumption being less than actual consumption used, resulting in an increase within Sludge Treatment.

Self-supply income generated from Sludge Treatment largely offsets with self-supply costs within Sewage Treatment. Self-supply income decreased by £20.1 million in line with our weighted average price for imports with the favourable variance seen in Sewage Treatment.

Negative expenditure decreased £1.2 million across Sewage and Sludge Treatment driven by reduction in demand management income impacted by the decrease in power prices. Increased sludge volumes sold to farmland led to a £0.5 million increase in Sludge Disposal.

IRE decreased £5.2 million in Sewage Collection due to decreases in sewer rehabilitation. Customer Driven sewer rehabilitation activity decreased as we have invested more in enhancing rather than replacing assets providing a longer-term benefit to the network overall. Proactive sewer rehabilitation decreased due to project “Critical Asset Rehabilitation” completed in 2023/24 and the deferral of Pipe Bridge Structural repairs to year one of AMP8 for any repair of pipe bridge following a structural survey that was completed on 269 pipe bridges.

Other operating expenditure across Wastewater Networks and Bioresources increased £37.2 million year-on-year driven by higher net employment costs, hired and contracted costs to support the continued investment in growing our front-line teams and capital programmes.

Net employment costs increased £18.6 million in 2024/25 with the annual pay review increasing basic pay (5%), plus an improved operational performance leading to higher bonuses paid to all employees. Wastewater Network operations saw an increase of 196 FTE driven by the insourcing strategy totalling £6.2 million of the costs increase allocated against Sewage Collection. Sewage Collection also saw £4.9 million increases in allocation from commercial with an improved change of approach in allocation of costs.

Hired and Contracted costs increased £7.9 million in 2024/25 driven mostly by increased expenditure in new technology, increased statutory spend to maintain compliance and higher tankering costs. Sewage Collection decreased by £10.4 million driven by the reduction on the sewerage support service contract for the insourcing strategy within Wastewater Networks operations (£6.8 million). The remaining is due to technical and contracted costs (TCS) within capital delivery & commercial with lower project opex costs allocated to Sewage Collection in 2024/25 which offsets with higher costs in Sewage Treatment.

Sewage treatment increased by £11.8 million in 2024/25 partially driven by the rise in technology with software and license increases of £5.3 million and £3.6 million increase of TCS expenditure which largely offsets above driven by improved allocation method and mapping of the projects the opex relates to.

Tankering in Bioresources increased by £1.5 million in 2024/25 due to increased sludge movements impacting Sludge Transport along with several internal tankers being offline and therefore third-party tankers required to maintain compliance. Sludge Treatment increased by £4.4 million driven by higher tankering costs, £1.1 million in additional centrifuge and pump hire costs and £0.7 million increase on statutory spend.

Chemicals cost has increased by £3.2 million largely driven by the increases in Sewage Treatment and Sludge Treatment of £1.5 million as the price of ferric sulphate increased by an average of £14.0 per tonne. Material and consumables expenditure remained consistent except for a reclass between materials and Hired and Contracted for Sewage Collection of £1.8 million, offsetting with Treated Water Distribution. Wholesale bad debt decreased by £3.8 million due to a £1.5 million release in 2024/25 allocated against Sewage Collection.

Inflationary increases led to higher rates expenditure with £5.3 million increase allocated against Sewage Collection. Also reporting higher abstraction expenditure with £4.5 million increase against Sewage Treatment and £2.5 million against Sewage Collection, driven by higher EA discharge license costs.

Base capex across Wastewater Networks and Bioresources decreased £99.3 million year-on-year driven by emphasis towards growth in enhancement (£197.6 million increase) and AMP8 expenditure (£262.2 million increase) across Wastewater Networks and Bioresources.

Sewage Collection decreased £7.4 million with lower spend for ICA and Telemetry network plus schemes (£1.1 million decrease), Sewage pumping stations (£2.0 million) and Waste Network monitor maintenance (£2.5 million) as projects reach delivery stage.

Sewage Treatment decreased £78.2 million mostly driven by advanced procurement of equipment in year four of the AMP to benefit from a favourable price across sewage treatment works. With projects nearing completion to meet the requirements set out in the WFD, lower spend year-on-year across our sewage treatment works including: Nuneaton Hartshill £7.5 million, Newthorpe £6.3 million, East Leake £11.2 million sewage treatment works. Also lower spend on the Strongford Net Zero project (£4.1 million) with the Strongford Wastewater works completed last year.

Bioresources decreased £13.7 million driven by settlement payment relating to the Strongford from Doosan project for delayed damages and reduced digestor refurbishment costs in 2024/25.

4L - ENHANCEMENT EXPENDITURE (WATER RESOURCES AND WATER NETWORK+)

Year ended 31 March 2025

Enhancement expenditure is reported in table 4L (Water Resources and Water Network+). Expenditure in the reporting year has increased by £37.2 million to £330.9 million. The step up in spend is due to the focus on delivery and construction of the AMP7 schemes in the final year of the AMP. Expenditure is mostly driven by our commitment to delivering resilience ODI aiming to ensure water supplies are resilient, meaning that

they can withstand and recover from disruptions with significant investment in Trimpley to Hampton and Boughton to Chester sites.

The last three columns in these tables represent cumulative expenditure and cumulative allowed expenditure on all schemes across the AMP. These columns compare actual expenditure against allowed expenditure at PR19. Costs for the year are reported in year prices, and costs from previous years are inflated using financial-year average CPIH.

EA/NRW environmental programme (WINEP/NEP)

Expenditure remained consistent year-on-year across Line 4L.3 – 4L.18 except for 4L.15 with increased expenditure of £9.3 million in 2024/25 driven by higher spend on our restoring sustainable abstraction projects, including at Upper Worfe River and Swithland reservoir. Also higher spend on our WFD no deterioration projects with £2.2 million increase. 4L.12 Drinking Water protected schemes reported spend of £2.3 million in 2024/25 for our biodiversity and catchment management projects, while 4L.6 reported £2.6 million across our Shelton and Boughton Eels contracts.

Cumulative enhancement expenditure across the WINEP & NEP programmes reported across the AMP is £57.0 million, £36.5 million below the allowed expenditure for the AMP. This is pre-dominantly driven by our focus switching towards enhancing our reliance to our network during the AMP with the extreme weather events causing strain to our supplies, we needed to minimise supply interruptions of which we delivered on. Alongside this we have improved our mapping throughout the AMP leading to less expenditure classified as enhancement that meet the requirements of 4L.3- 4L.18.

We are reporting enhancement operating expenditure on line 4L.14 for the first time. These costs relate to the delivery of WINEP WFD environmental measures schemes in the catchment. Similar costs for these schemes have previously been reported as base opex in table 4J. In total, our AMP7 operating expenditure for this programme is £14.0 million (in nominal prices) or £11.8 million in real 17/18 prices.

Supply-demand balance

Expenditure remained consistent year-on-year across lines 4L.20 – 4L.38 with £108.4m reported in 2024/25. £81.6 million is driven by the Green Recovery projects Decarbonising water resources. 4L.37 Strategic regional water resources increased by £6.3 million to £9.5 million as projects ‘Minworth Effluent Reuse’ and ‘Upper Derwent Valley Reservoir Complex’ progress towards completion.

Cumulative enhancement across the supply-demand balance programmes reported across the AMP expenditure of £313.2 million, £44.3 million below the allowed expenditure for the AMP. 4L.22 Supply-side improvements reported expenditure across the AMP against the allowed spend is pre-dominantly driving the variance as £22.4 million is now expected in AMP8 for the Green Recovery project Decarbonising Water Resources, but will have no impact on the benefit produced. We have reclassed £4.87 million of cumulative expenditure from 4L.22 to 4L.69 Addressing raw water deterioration to ensure expenditure is in line with what we have reported in 6F discussed below within 6F - WRMP Annual reporting on delivery commentary.

Expenditure on 4L.37 strategic resource option (“SRO”) projects was lower than allowed due to the Severn Trent Sources and Severn to Thames Transfer SRO projects not being selected as a preferred option in the Thames Water and WRSE (Water Resources South-East) final draft WRMP (Water Resources Management Plan). As a result of this, these two SROs have not been progressed to the extent assumed. This is offset with cumulative expenditure reported in 4L.28 and 4L.31 with no allowed expenditure but both deemed as enhancement expenditure. 4L.28 Leakage improvements expenditure of £22.3 million reported across the AMP with the bulk of expenditure on our ‘Logger replacement’ project which supported our lowest ever annual levels of leakage finding more leaks than ever before in 2024/25. Line 4L.31 Internal interconnectors delivering benefits includes expenditure relating to two projects: ‘Thornton to Cropston’ and ‘Stredley to Redhill’. The objective for ‘Thornton to Cropston’ project is to contribute an additional 7.5 ML/d deployable output capacity to the Strategic Grid water resource zone. The ‘Stredley to Redhill’ project is driven by deployable output Improvements and the ability to transfer an additional 25 ML/d of water into the north Nottinghamshire area.

Metering

Expenditure slightly decreased year-on-year across Lines 4L.39 – 4L.63 with £29.2 million reported in 2024/25. This is driven by project profile with more of the work completed in year four due to the acceleration of the programme and with our target in sight at the end of year four, a focus towards AMP8 expenditure was implemented. 2024/25 still delivered over 120,000 meter installations supporting reduction in leakage of 16.8% across the AMP.

Cumulative expenditure across metering over the AMP is £26.0 million over the allowed spend driven by our overperformance on meter installations. Our PR19 business plan committed to installing a minimum of 410,649 smart meters across AMP7 through a combination of proactive and optant installations of which we have delivered 577,155. We have also seen higher than anticipated costs due to the type of digs completed along with higher installation costs.

Other enhancement

4L.66 Improvements to taste, odour and colour includes expenditure from our Green Recovery Project Hampton Loade scheme which has decreased year-on-year with significant progress made in year four of the AMP. Cumulative expenditure on 4L.66 is underspent with expenditure expected in 2025/26 for the Hampton Loade scheme, alongside per our PR19 submission no further capital expenditure was submitted against 4L.66, with only enhancement opex expected. This has not materialised as we have deemed the expenditure not meeting the requirements as enhancement in 4L.66.

4L.75 Addressing raw water deterioration (total) expenditure has decreased by £3.6 million to £3.7 million reported in 2024/25 as work at Peckforton water treatment works nears completion. Cumulative expenditure against allowed is slightly above due to higher than expected costs for addressing deterioration with other surface resulting in a deteriorating performance in our water quality compliance metric.

4L.78 Improvements to river flow has no expenditure across the AMP as improved accuracy of the mapping of projects has led to expenditure being reclassified to 4L.31 Internal interconnectors as per RAG 4.13.

4L.81 Enhancing resilience to low probability high consequence events increased year on-year by £33.6 million driven by the G10 Resilient supplies commitment with schemes Trimpley to Hampton Loade (£14.5 million), DVA Bamford (£9.5 million) and Boughton Chester Resilience (£10.6 million) all increasing in expenditure as projects enter delivery phase in the final year of AMP. To comply with DWI regulations, increased expenditure for our project at Bamford (£8.1 million increase) incurred to support resilience of run to waste and electrical infrastructure. Expenditure is slightly offset by lower boundary box installs with £14.2 million reported as work was completed in year four.

Cumulative expenditure across the AMP is £296.2 million over the allowed driven by our commitment to strengthen the resilience of our water networks by bringing more assets online to enhance our network. AMP7 saw some of the hottest and driest summers since records began alongside the winter freeze-thaw period, which created huge challenges to our networks. However, with the significant investment made we

reduced supply interruptions, recognising the lowest level ever in 2024/25 and achieving our regulatory target for the first time in AMP7 after a 32% reduction.

4L.93 Meeting lead standards increased by £3.8 million to £36.7 million reported in 2024/25 predominantly driven by the increased activity in our Green Recovery supply pipes scheme as it nears completion, with expenditure of £34.1 million in 2024/25. Further commentary is provided below in the Green Recovery section.

We have reported expenditure with no allowed expenditure across the AMP for 4L.96, 4L.100, 4L.103 and 4L.104 as we deem this expenditure as enhancement and required to meet regulations and deliver improvements to benefit our customers. 4L.96 includes cumulative expenditure of £4.8 million with no expenditure in the year in relation to AMP7 to providing physical security for critical national infrastructure. This is enhancement expenditure because these projects are DEFRA/government statutory obligations for compliance with the Security & Emergency Measures Directive ('SEMD') which is where we are improving the current level of service to ensure we can provide an alternative supply of drinking water in the event of a failure in the piped supply.

4L.100 includes expenditure relating to projects working on resolving customer issues with persistent low water pressure, reservoir works and provision of remote sensors. This is improving the level of service for customers and there was a change in reservoir drawdown guidance issued by the EA, which meant a new improved standard to comply with leading to enhancing the level of monitoring and control on our dams. Line 4L.103 includes cumulative expenditure of £8.3 million on catchment management and biodiversity helping to reduce run-off of undesirable organic matter and chemicals entering our rivers as part of our Great Big Nature Boost scheme. 4L.104 includes expenditure on addressing low pressure improvements. Per RAG 4.13 'Addressing low pressure is not included as only a very limited number of companies have investment in this area'. We have followed guidance to recognise as a freeform line as the expenditure does not meet the definition of any other line, reporting spend of £4.9 million across the AMP.

Green Recovery

Green Recovery programmes ramp up spend in the final year of the AMP as they conclude in AMP7 with Decarbonising Water Resources scheme mapped against 4L.20 and 4L.24, reporting £81.6 million in 2024/25 with the project entering the delivery phase with the water treatment plant at Witches Oak constructed along with floating wetlands for water pre-treatment installed during the year. The 31 floating wetlands nearby biologically pre-treat the raw water before abstraction, reducing the amount of chemicals required for treatment, and our novel ceramic membrane pilot plant supports real-time optimisation of the works for cost efficiency. Due to the initial slow delivery of the project a further £22.4 million is expected in AMP8 to close the project with no bearing on the deployable output benefit. Expenditure is higher than allowed across the AMP due to changes to the scope of the programme following the identification of PFAS, combined with macroeconomic price pressures on materials and labours.

Green Recovery Supply Pipes mapped to 4L.93 Meeting lead standards (total) increased by £3.8 million year-on-year to £34.1 million in 2024/25 with the programme delivering 17,176 customer supply pipe replacements across the AMP in Coventry and Bomere Heath. Expenditure is lower than allowed driven by the reduced scope of the supply pipes programme as complex problems were faced in identifying the most cost-efficient model during the trial.

Expenditure remained consistent in 2024/25 for the Smart Metering programme mapped to 4L.63 Total metering totex, with the successful delivery of 157,329 total smart meter installations across the AMP, slightly above our initial target. Cumulative expenditure was £25.3 million, slightly under the allowed expenditure of £25.9 million. The success of the programme has enabled us to accelerate our AMP8 metering strategy. We have continued to contribute to the Hampton Loade scheme mapped to 4L.64, being delivered by South Staffordshire water with allowed expenditure in line cumulative however the scheme is not yet complete and are expecting expenditure in AMP8 due to delays with project delivery.

More detail on the specific schemes can be found in our **2024/25 Green Recovery Report**.

Accelerated programme and transitional enhancement expenditure

Expenditure relating to the accelerated infrastructure delivery programme and transitional schemes amounting to £29.8 million and £122.9 million respectively are reported in table 4L. The accelerated programme schemes expenditure are also recorded in table 4X (refer to narrative in table 4X for accelerated schemes included in the lines of table 4L).

According to the Final Decisions (FD) of the accelerated expenditure, Severn Trent will invest in acceleration of smart metering and increasing reservoir capacity. The smart metering is relating to the acceleration of 250,000 smart meters which will allow the Company to achieve 11.3 ML/d in water savings by facilitating behaviour change, identifying leaks quicker and better management of peak demand pressures. The reservoir capacity acceleration will allow the Company to increase the Draycote water reservoir capacity by approximately 6% (1,400 ML/d of extra storage) making an additional 9.0 ML/d of water supply available during drought.

The transitional expenditure relates to the investment that we have brought forward into AMP7 from AMP8 under Ofwat's transitional expenditure mechanism. Transitional expenditure is reported in existing lines 4L.13, 4L.32, 4L.60, 4L.67, 4L.70, 4L.79, 4L.94, 4L.100, 4L.106 and 4L.108. It comprises of AMP8 expenditure for supply demand balance improvements delivering benefits starting from 2026 relating to Strensham Expansion scheme with £13.4 million invested in 2024/25 to focus on installing a UV disinfection solution at site and £11.6 million reported on Strelley to Redhill Pipeline project aiming to transfer 40 ML/d of water to north Nottinghamshire. We have continued our ambitious plan on ensuring customers have access to smart metering to help manage water usage more efficiently alongside our investment in Kraken technology revolutionising our customer experience using artificial intelligence with £27.3 million reported against smart metering 4L.60.

In addition, there was transitional expenditure relating to addressing raw water deterioration including £6.8 million on the project 'Witches Oak PFAS Pilot & Treatment', expenditure on enhancing resilience to low probability high consequence events (Oldbury to Meriden Pipeline £4.4 million and Hallgates to Elms Farm Pipeline £3.4 million) and expenditure to comply with the requirements of SEMD. The SEMD network plus projects will improve the removal of nutrients particularly nitrogen and phosphorous from wastewater protecting aquatic ecosystems.

4M – ENHANCEMENT EXPENDITURE (WASTEWATER NETWORK+ AND BIORESOURCES)

Year ended 31 March 2025

Enhancement expenditure is reported in table 4M (Wastewater Network+ and Bioresources). AMP7 expenditure in the reporting year has increased by £197.6 million to £667.8 million. The increase is mostly driven by higher spend in Green Recovery due to a significant increase in the final year of AMP as the programme comes to a close, with step up in Mansfield resilience, Bathing Rivers and WINEP programmes moved from detailed design into construction phase across all sites. Also higher spend in wastewater networks driven by efforts on WFD CSO improvements and sewer flooding efforts to mitigate risks.

The last three columns in these tables represent cumulative expenditure and cumulative allowed expenditure on all schemes across the AMP. These columns compare actual expenditure against allowed expenditure at PR19. Costs for the year are reported in year prices, and costs from previous years are inflated using financial-year average CPIH.

EA/NRW environmental programme (WINEP/NEP)

Expenditure across the WINEP/NEP programmes lines 4M.3 – 4M.46 has increased year-on-year by £147.0 million to £465.2 million in the reporting year as schemes progress through the construction phase to delivery. Most of the increase is driven by 4M.37 Phosphorus removal schemes with £115.2 million increase, part of our significant investment in the WFD programs to deliver our 2025 obligations. Major WFD schemes with increased expenditure against 4M.37 in 2024/25 include Melbourne (£10.3 million), Snarrows (£8.3 million), Toton (£10.7 million), Hinckley (£3.1 million), Melton (£9.3 million) and Ilkeston (£6.2 million).

Line 4M.12 expenditure on schemes to increase flow to full treatment has increased year-on-year by £8.6 million to £21.3 million as construction progresses towards completion at Gotham (£5.7 million), Duffield (£6.9 million) and Atherstone (£4.4 million) sewage treatment sites.

Line 4M.15 includes expenditure on schemes to increase storm tank capacity which has decreased £7.8 million with the majority of work completed in year four including the work at Bidford-on-Avon sewage works (£1.8 million decrease) as focus moves towards AMP8 with £52.0 million transition expenditure reported.

Line 4M.25 includes expenditure on effective storage in the network to reduce spill frequency has increased year-on-year by £24.4 million with increases in projects Bottesford Beck (£13.0 million), Hinckley (£5.2 million) and Etruria Vale (£3.7 million) as the schemes reach the delivery phase contributing to WFD ODI.

Line 4M.40 expenditure relates to reduction of sanitary parameter schemes has remained consistent year-on-year with £56.3 million reported in the year. Expenditure has remained high to ensure delivery of the AMP7 schemes to support regulation requirements with significant expenditure at Hinckley (£19.3 million), Redditch – Spernal (£7.4 million) and Burntwood (£5.9 million) sewage treatment works.

We are reporting £53.7 million overspend to allowed expenditure across the environmental programmes driven by our commitment to deliver our WFD ODI and fulfil our regulatory commitments. The enhancement expenditure across the AMP has allowed us to pursue opportunities beyond our end of AMP performance commitment level of 211 points where each point represents progress in the WFD classification score. Our efforts to reduce storm overflows are beginning to show their efficacy with 1,800 interventions delivered reducing spills on our priority sites. We have higher spend on storm tanks volumes, with the step up in investment aiming to achieve 100% operability of Event Duration Monitoring (EDM) for storm overflows. This involves the installation of dual monitoring systems with radar technology as the primary measurement device and improving telemetry performance by installing marker posts to elevate aerials above ground at 596 sites with poor telemetry.

New innovations such as the Stickleback, which captures items in sewers and reduce the risk of further sewer backups has contributed to our best ever blockages performance this year, having beaten our target every year in AMP7. That said, our blockages performance was aided by the high rainfall experienced this year, which had a detrimental impact on our external sewer flooding performance, where we have missed our target again this year even though we are sector leading. But despite the weather we had our best ever year on internal sewer flooding, with our emphasis on immediate responses helping to prevent external floods becoming even more disruptive internal floods. We also achieved our public sewer flooding target, meaning we've hit our target every year this AMP with a 13% reduction across the five years.

Other enhancement

Line 4M.50 Growth at sewage treatment work expenditure increased by £9.7 million to £60.6 million reported in 2024/25 with the increase driven by spend at Branton and Melton treatment works with a combined increase of £9.2 million. Expenditure remains high year-on-year as we continue to evolve with demand pressures enhancing multiple treatment works.

Line 4M.53 Reduce flooding risks for properties has cumulative expenditure across the AMP of £330.3 million with £104.4 million allocated for our Green Recovery building sustainable flood resilient communities scheme. Expenditure has increased year-on-year driven mostly by the Mansfield flood resilience programme. The remaining expenditure allocated across the AMP is driven by our performance commitment of reducing the number of properties at risk of flooding. With the end of AMP performance commitment level set at 360 properties, we have delivered over this with 432 properties due to a variety of reasons including the successful collaboration with EA which has led to the delivery of 6 projects in partnership with organisations to reduce flood risk and increase flood resilience.

Line 4M.56 First time sewerage expenditure decreased £0.6 million to £1.2 million reported in 2024/25 as no S101a schemes were completed in the reporting year due to delivery delays. Cumulative expenditure is lower than allowed due to fewer S101a projects delivered across the AMP. The assessment, promotion, design, and delivery has been a lengthy process. Delivery delays were attributed to difficult ground conditions in the location of the duty properties. As we enter AMP8, S101a will be delivered differently, with initial assessments and commercial processes established earlier in the project lifecycle to enable timely delivery.

For Lines 4M.77 Transferred private drains & sewers and 4M.80 Biodiversity we have reported enhancement expenditure across the AMP with no allowed. £1.5 million cumulative expenditure mapped to 4M.77 consists of pro-active repairs to improve our network while £5.6 million is mapped to 4M.80 to help reduce run-off of undesirable organic matter and chemicals entering our rivers. These costs are enhancement expenditure because they relate to delivering cost reduction as part of our Great Big Nature Boost scheme.

Green Recovery

Green Recovery programmes ramp up spend in the final year of the AMP as they conclude in AMP7. Mansfield Flood Resilience expenditure allocated against 4M.53 increased £18.8 million year-on-year with £104.4 million across the AMP, driven by the significant higher delivery of the scheme due to the back-ended nature of the programme and requirements to discharge many constraints prior to construction phase. This had led to installing Sustainable urban Drainage Systems ('SuDS') across Mansfield to absorb rainwater, providing additional storage capacity and, crucially, reducing surface water flooding for customers and communities in this area. We delivered more than 31,000 m^3 of surface water storage through our 343 interventions completed. Cumulative expenditure is £7.1 million over the allowed due to cost challenges such as the delivery of certain types of SuDs interventions. For example, verge & street gardens and permeable paving while effective at intercepting surface water are expensive solutions.

Bathing Rivers expenditure mapped against line 4M.81 – 4M.86 increased £26.4 million year-on-year as we successfully completed the project achieving our March 2025 target. The installation of our treatment works ozone disinfection upgrades is now complete at all three sites, improving the water quality of the River Leam and River Teme. Our planned improvements to 24 storm overflows included the delivery of storage tanks and surface water separation, which have increased the length of river we have improved to more than 120 km, delivering benefits for customers, communities and the environment. We have successfully completed this programme with cost efficiencies achieved.

Green Recovery WINEP programme expenditure mapped against 4M.25, 4M.37 and 4M.46 totex lines increased £58.8 million in 2024/25 as we successfully delivered 21 WFD points by the end of March 2025 – 14 more than our required seven for AMP7. The project also delivered 54 overflow spill reduction interventions. Accelerating the delivery of our WFD obligations delivers improvements to our rivers more quickly. We have also been installing more chemical dosing systems, reedbeds and mechanical filters to reduce the amount of phosphorus in the rivers resulting from our wastewater operations. The programme is currently underspent to allowed expenditure due to delays to with the delivery of complex engineering, with the programme profiled into AMP8 to meet 2027 delivery dates.

Further detail on the specific schemes can be found in our **2024/25 Green Recovery Report**.

Accelerated programme and transitional enhancement expenditure

Expenditure relating to the accelerated programme amounting to £12.9 million is reported in line 4M.7 Flow monitoring at wastewater treatment works. In addition, the expenditure for this approved accelerated programme scheme is recorded in table 4Y. It relates to the acceleration of river flow monitoring scheme (UMON_4) at wastewater treatment works to enable the Company to monitor compliance and identify if overflows spill outside of permit conditions. These monitors are a statutory requirement for installation by December 2026 and form part of the Company's PR24 WINEP programme. Early delivery of the required flow monitor installations will enable the Company to monitor compliance and avoid non-permitted overflow spills to waterbodies.

The transitional expenditure relates to the investment that we have brought forward into AMP7 from AMP8 under Ofwat's transitional expenditure mechanism. Transitional expenditure is reported in existing lines 4M.1, 4M.4, 4M.7, 4M.13, 4M.16, 4M.19, 4M.26, 4M.32, 4M.35, 4M.38, 4M.44, 4M.48, 4M.51, 4M.54, 4M.57 and additional freeform lines 4M.89, 4M.91, 4M.93, 4M.95 and 4M.97. It comprises of expenditure on habitats in Packington, flow monitoring at sewage treatment works, schemes to increase storm tank capacity across various sites, storage in the network to reduce spill frequency at CSOs, phosphorus removal schemes, reduction of sanitary parameters, investigations relating to AMP8 WINEP, growth at wastewater treatment works (excluding sludge treatment), AMP8 nitrogen removal trials, septic tanks secondary treatment across various sites, continuous river quality monitoring, cyber security and Industrial Emissions Directive.

We have made significant investment in WFD Phosphate removal of £44.9 million to reduce phosphorus levels in treated wastewater before it is discharged into our rivers. We have begun the development of Wanlip and Blyton sewage treatment works through our Green Recovery projects treating ammonia with total spend of £3.6 million. We have made a significant investments year-on-year to address storm overflows enhancing monitoring and investigative measures and improving river health. This includes our effort to reduce spills from storm overflows, with £52.0 million storm tank upgrades to reduce overflow including £16.9 million on our storm spill reduction treatment project and £15.4 million on our storm spill reduction storage project. Also reported £62.2 million on Growth at sewage works with significant progress already made on Wanlip works with £37.4 million reported in 2024/25 and industrial emissions directive spend of £8.2 million to maintain compliance at our sites by producing new Bio facilities that can digest harmful emission gases. Our transition expenditure also includes the introduction of Plug and Play programme which standardises equipment for site use reducing reliance on external supplies which will support multiple schemes in AMP8. This significant investment gives us confidence we can deliver our AMP8 programme on time and are ready to start delivery of our AMP8 plan from day one.

4N – DEVELOPER SERVICES EXPENDITURE (WATER NETWORK+)

Year ended 31 March 2025

No additional commentary relating to this data table.

4O - DEVELOPER SERVICES EXPENDITURE (WASTEWATER NETWORK+ AND BIORESOURCES)

Year ended 31 March 2025

No additional commentary relating to this data table.

4P - EXPENDITURE ON NON-PRICE CONTROL DIVERSIONS

Year ended 31 March 2025

No additional commentary relating to this data table.

4Q - DEVELOPER SERVICES - NEW CONNECTIONS, PROPERTIES AND MAINS

Year ended 31 March 2025

4Q.1-12

The year on year variations relate to the increase in New appointments and variations ('NAVs') activity across the region and reflecting the general market conditions and aligns with data lines across the table. The process for reporting these numbers remains the same as prior years and is reliant on NAVs to inform us of their new property connections.

4Q.13-14

The year on year decrease for the 'Length of new mains' reflects the significant increase in NAV activity across the region and the change in market conditions. This aligns with the reporting lines 4Q.8-10 where we see a significant increase in the number of NAV property numbers.

4R - CONNECTED PROPERTIES, CUSTOMERS AND POPULATION

Year ended 31 March 2025

AVERAGE CUSTOMER VOLUMES

Residential properties

Total residential customers (excluding voids) have increased by 0.7% since the prior year to 4,191,358. The year-on-year increase in total customers is driven by a combination of new connections and reduction in voids.

We have bought a further c.4,000 properties from void into charge this year (representing 0.1% of the total residential customers).

Business properties

Total connected business customers have decreased by c.400 properties in the year predominantly due to deregistration's that have been processed in the market over the last 12 months as a result of a data cleanse activity, which was partially offset by new connections.

We have also bought a further c.4,000 properties from void into charge this year through our vacancy incentive programme, which was running for six months of the year, resulting in an average decrease of c.2,000 voids year-on-year.

The proportion of measured business billed properties has remained flat at 88% year-on-year.

WATER CUSTOMERS AT YEAR END

Cattle Troughs

Due to the directive by Ofwat to deduct cattle troughs from the total customers, we began reporting on this as of the 2022/23 financial year. Total cattle trough customers this year are 581 in charge and 560 in void totalling 1,141, down from 1,155 in the previous year. While these are not material movements and are in line with our expectations, these have been removed from the current year reporting in line with Ofwat guidelines.

Smart Meters

Our Green Recovery programme continues to install smart meters with c.279,000 now connected for measured properties (excluding any in void), which represents an increase from around 141,000 last year end.

For the billed by meter type data, where a property has more than one meter, we have selected the newest meter installation as the primary meter (this should also be the most advanced meter type, as per the revised guidelines). This ensures no double counting of properties.

Below minimum bill and 'other' unbilled

As with last year, we are reporting zero below minimum bill customers this year.

The total volume of 'other unbilled' has increased this year from c.10k to c.25k in the residential line due to a backlog of "change of responsibilities" not yet billed, as a result of migrating customers to our new billing software (Kraken), which will be resolved early in the new financial year. Some other reasons for unbilled accounts are as follows:

- Customer query.
- System generated query.
- Account in probate.
- New connection not yet billed.

Business properties

Within measured business properties, the proportion of AMR meters has increased from 39% to 47%, with Basic meters reducing from 61% to 53%. These movements are as a result of AMR meters being installed as part of the meter exchange programme.

4R.29

To calculate the non-resident population, a study was undertaken to determine the non-resident population, which includes people staying at second addresses for holiday purposes and short-stay visitors such as domestic-night and foreign-night visitors. The domestic-day visitors and daily commuters are explicitly excluded.

Evidence has been drawn from a mix of the latest 2021 Census data and surveys such as GB Day Visitor Survey, GB Tourism Survey and International Passenger Survey. The population estimates were presented as 'Low', 'Medium' and 'High' totals, reflecting the uncertainty associated with the process. The medium range was chosen for the operating area, i.e. Severn Trent Water, and has been superimposed at site catchment level for greater accuracy.

4R.30-32

To calculate population and household growth, CACI Ltd provided us with an estimate of the household water occupancy rates at an individual property level from the Ocean Database, based on the 2021 census, and matched to data provided from the Company's billing system. The billing system data provided enabled the occupancy rates to be split out for measured and unmeasured customers. This was aggregated to provide Water Resource Zone level and company occupancy data.

For APR25, CACI maintained the algorithm for the APR24 occupancy model and updated the underlying covariates data to increase year on year stability in household occupancies.

Applying the occupancy rate to the reported property numbers for measured and unmeasured customers provided a baseline household population.

An adjustment was made to include hidden and transient population (derived from consultant analysis), who are connected to the water supply and using water but are not included in the Census population and are therefore not included in the population derived from the CACI occupancies. Hidden populations from the analysis undertaken in 2023/24 has been carried over to APR25, as no significant change in hidden and transient population is expected to have taken place over the year.

4S - GREEN RECOVERY EXPENDITURE (WATER RESOURCES AND WATER NETWORK+)

Year ended 31 March 2025

For each Green Recovery scheme, the delivery expenditure is recorded in table 4S. Below is where the expenditure has been included in the lines of table 4L:

- "Green Recovery Supply Pipes" in lines 4S.1 and 4S.2 map to lines 4L.85 and 4L.86.
- "Decarbonising Water Resources" in lines 4S.4 and 4S.5 map to lines 4L.20 and 4L.24.

- “Green Recovery Smart Metering” in lines 4S.7 and 4S.8 map to lines 4L.42, 4L.48, 4L.51, 4L.60 and 4L.43, 4L.49, 4L.52, 4L.61 respectively.
- “Hampton Loade” in line 4S.10 maps to 4L.64.

4T - GREEN RECOVERY EXPENDITURE (WASTEWATER NETWORK+ AND BIORESOURCES)

Year ended 31 March 2025

For each Green Recovery scheme, the delivery expenditure is recorded in table 4T. Below is where the expenditure has been included in the lines of table 4M:

- “Green Recovery Mansfield Flood Resilience” in lines 4T.1 and 4T.2 map to lines 4M.51 and 4M.52.
- “Bathing Rivers” in lines 4T.4 and 4T.5 map to lines 4M.81, 4M.83, 4M.85 and 4M.82, 4M.84 respectively.
- “WINEP” in line 4T.7 maps to lines 4M.19, 4M.35 and 4M.44.

4U – IMPACT OF GREEN RECOVERY ON RCV

Year ended 31 March 2025

Below we discuss the financial position of the Green Recovery programme. More detail on the specific schemes can be found in our **2024/25 Green Recovery Report**.

For three programmes we delivered 100% of the schemes, and this was in line with the PR24 submission.

Programme	% Delivered	% Variance
Smart Metering	100%	no variance
Bathing Rivers	100%	no variance
Water Resources	100%	no variance

For the following three schemes we have delivered less than the Final Determination for reasons explained below.

Accelerating Environmental Improvements

We delivered 94.6% of the Accelerating Environmental Improvements programme compared with our PR24 submission where we were forecasting 94.4% delivery. The difference is due to the removal of one site obligation and a reduction in the number of complex SOAF investigations that were required.

Supply Pipes

We delivered 66.1% of the supply pipes programme compared with our PR24 submission where we were forecasting 58.4% delivery. This programme was met with complex problems particularly related to joint supplies and solutions that were significantly more costly than the allowance. We explained the issues and drivers for reduction in our Green Recovery annual reports each year and focussed on delivering solutions that offered best value for money.

Creating Flood Resilient Communities

We delivered 53.7% of the Creating Flood Resilient Communities programme compared with our PR24 submission where we were forecasting 52% delivery. Early in the programme we identified that certain interventions were disproportionately expensive or impacted other aspects of customers’ lives such as removing parking spaces in road. As such we focussed on delivering the most cost-beneficial solutions with the greatest benefits.

Programme	% Delivered	% Variance
Accelerating Environmental Improvements	94.6%	+ 0.2%
Supply Pipes	66.1%	+ 7.6%
Creating Flood Resilient Communities	53.7%	+1.7%

Overall, the variance in the Green recovery from the PR24 submission was up just 1.5% from the PR24 submission.

As with any large construction programme there are residual costs incurred to close down the programme after delivery of the benefits are realised. Primarily these are related to site demobilisation, reinstatement costs, compensation payments, process optimisation and refinement and defect remediation. The exception to this is the Accelerating Environmental Improvement programme where the 2027 deadline always required a programme spanning both AMP7 and AMP8. The cost pressure in this programme, combined with complexities of delivering industry leading P-removal permit limits, has led to some of the more expensive engineering solutions being delivered later in the programme with the simpler, lower totex solutions being accelerated to compensate and deliver greater environmental benefit earlier.

As the Green Recovery programme is treated uniquely in terms of its impact on RoRE, and the exclusion of costs in table 4C of the APR, we have included a timing adjustment to recognise the impact of these future costs within the APR25 regulatory accounts.

The table below outlines reasons at a programme level for the adjustments included in tables 4U and 4C.

Programme	Reasons
Accelerating Environmental Improvements	Delivery of complex engineering and high totex solutions resulting in a programme cost c180% of FD allowance and profiled in to AMP8 to meet 2027 delivery dates.
Creating Flood Resilient Communities	Green solutions require 3 years of establishment to deliver full benefits
Bathing Rivers	Site demobilisation and reinstatement, compensation payments, process optimisation and defect correction.
Water Resources	Site demobilisation and reinstatement, compensation payments, process optimisation, long-run commissioning and defect correction.

Ultimately we expect the entire Green Recovery programme to be around 30% more expensive than the Final Determination when revised for the actual outputs delivered. Four programmes have experienced material cost increases:

- Water Resources – changes to the scope including altering the water source following the identification of the risk of PFAS in the River Trent, combined with macroeconomic price pressures on materials and labour, has resulted in the programme being around 23% adverse.
- Supply pipes – the high cost solutions to separate joint supplies as well as complex solutions for individual properties has impacted our ability to deliver at the unit cost assumed in the Final Determination. Overall this programme is around 27% adverse.
- Creating Flood Resilient Communities – initial cost estimates for this scheme were based on a limited number of benchmarked examples. The cost of actual solutions that deliver appropriate benefits has exceeded those estimates resulting in the programme being around 73% adverse for the equivalent volume.

Accelerating environmental improvements – in line with the price pressure seen on the core WINEP programme, the cost of raw materials and labour, combined with the complex solutions needed to meet such tight standards, has led to this programme being around 42% adverse to the Final Determination.

We have ensure that table 4U recognises these additional costs, including a timing adjustment for those costs that will be incurred in AMP8 to complete the WINEP obligations and close down the other projects, to ensure the full Green Recovery programme costs are visible in one place and treated accordingly for RoRE purposes.

4V – MARKET-TO-MARKET OF FINANCIAL DERIVATIVES ANALYSED BASED ON PAYMENT DATES

Year ended 31 March 2025

No additional commentary relating to this data table.

4W – DEFINED BENEFIT PENSION SCHEME (ADDITIONAL INFORMATION)

Year ended 31 March 2025

No additional commentary relating to this data table.

4X - ACCELERATED INFRASTRUCTURE DELIVERY PROJECT EXPENDITURE (WATER RESOURCES AND WATER NETWORK+)

Year ended 31 March 2025

For each accelerated infrastructure delivery scheme, the expenditure is recorded in table 4X. Below is where the expenditure has been included in the lines of table 4L:

- “Acceleration of Smart Metering” in line 4X.1 maps to lines 4L.42, 4L.48, 4L.51, 4L.54, 4L.57 and 4L.60.
- “Acceleration of Smart Metering” in line 4X.2 maps to lines 4L.43, 4L.49, 4L.52, 4L.55, 4L.58 and 4L.61.
- ‘’Increasing reservoir capacity’’ in line 4X.4 maps to line 4L.100.

4Y - ACCELERATED INFRASTRUCTURE DELIVERY PROJECT EXPENDITURE (WASTEWATER NETWORK+ AND BIORESOURCES)

Year ended 31 March 2025

For accelerated infrastructure delivery scheme, the expenditure is recorded in table 4Y. “River flow monitoring scheme” in line 4Y.1 maps to 4M.7.

5A - WATER RESOURCES ASSET AND VOLUMES DATA

Year ended 31 March 2025

5A.1-3

Variations across the reporting lines is due to a shift in operation from pumped storage and river abstractions to impounding reservoirs, therefore a volumetric increase can be seen for impounding reservoirs and a decrease in pumped storage and river abstraction.

5A.12

The number of groundwater works has dropped from 102 to 101, as Green Lane (Coventry) has been out of service for the duration of the reporting year.

5A.20

Seven pumping stations were out of service for the year with one new inclusion being the Witches Oak intake on the River Trent for the new Green Recovery WTW next to Church Wilne. This results in an overall net change of six pumping stations.

5A.24

Lower pumping requirements during the reporting year due to a lower water demand and in turn water into supply, which leads to lower energy requirements from water sites.

5A.30

Additional 38 investigations completed during the year, bringing the cumulative total for the AMP to 109 investigations.

5B - WATER RESOURCES OPERATING COST ANALYSIS

Year ended 31 March 2025

No additional commentary relating to this data table.

6A - RAW WATER TRANSPORT, RAW WATER STORAGE AND WATER TREATMENT DATA

Year ended 31 March 2025

6A.6

There has been a small increase in raw water transport flow associated with our major works accounting for an increased average pumping head performance.

6A.13-6A.27

Treatment works – treatment type analysis

One works (Cresswell) has moved out from treatment type ‘Simple disinfection’ to ‘W4’ following installation of UV treatment. The installation date of UV treatment occurred in September 2023, therefore the classification change was to occur from the APR24.

One works (Burcot) has moved into treatment type ‘W1’ from ‘W2’ following the removal of the temporary pH correction in October 2022, therefore the classification change was to occur during the APR23.

Treatment works not used in reporting year

Eight works with 'Simple disinfection' treatment were not used this year in this category but have not been decommissioned (Eastwall, Rednal, Bestwood, Much Wenlock and Waveley Road, Emergency sources: Burbury Park, Newton Place and Lizard Mill).

One works with simple physical 'W1' treatment not used in reporting year: Watery Lane.

Two works with complex 'W4' treatment not used in this year in this category: Green Lane and The Crescent emergency source.

6A.29

Reported peak week production capacity (‘PWPC’) is associated with two works (Peckforton and Witches Oak) reported within line 6A.32.

6A.30

Reported PWPC associated with five Bacteriological catchment management schemes endorsed by DWI for twin-track approach catchment and treatment risk mitigation. As per improved catchment activity mapping outlined in PR24, reported PWPC includes activities for eight sites with continuation of catchment activities from AMP6 DWI Metaldehyde undertaking. The DWI Metaldehyde schemes will not continue as enhancement into AMP8.

6B - TREATED WATER DISTRIBUTION - ASSETS AND OPERATIONS

Year ended 31 March 2025

6B.2 and 6B.21

Decrease in three service reservoirs due to re-attributing Bausley DSR to Hafren Dyfrdwy and two sites long term out of supply have had the tanks moved to decommissioned following decisions to not return them to service following inspection.

6B.35

Total annual leakage reported in 6B includes the benefit from Green Recovery and Accelerated Infrastructure expenditure smart meter investment. ODI reported leakage is taken from Table 3F and excludes the benefit from Green Recovery and Accelerated Infrastructure smart metering investment. This figure is derived from the same leakage data that is used in both leakage performance reporting (as an input to the three-year average calculation) and annual WRMP reporting.

6C - MAINS, COMMUNICATION PIPES AND OTHER DATA (WATER NETWORK+)

Year ended 31 March 2025

6C.3

Significant year on year reduction for length of mains renewed due to the external cost pressures faced during this AMP impacting the performance of our mains renewal programme.

6C.4

The reduction of the length of new potable mains relate to the shift in activities in 4Q.13 and 4Q.14 relating to NAV’s.

6C.21

Year on year increase for lead communication pipes replacement is due to the 8137 replacements undertaken by our Green Recovery Programme. The Green Recovery benefit is reported within line 10A.2.

6C.23

Our 2024 performance was impacted by multiple failures at Strensham WTW and other surface works resulting in an increased CRI score.

6C.24

Our 2024 ERI score has reduced against our previous years as we have had no long duration events during the reporting year.

6C.25

We continue to use a range of approaches to deliver a better experience for our customers dealing with persistent low pressure, contributing to our best performance so far this AMP. In year 5 we have delivered further schemes to resolve long term persistent low-pressure issues and as a result seen an improvement on the number of properties below the reference level at end of year.

6D - DEMAND MANAGEMENT - METERING AND LEAKAGE ACTIVITIES

Year ended 31 March 2025

Smart Metering Programme

Severn Trent utilise two "smart metering technologies", AMR and AMI. AMR meters are meters using automated meter reading technology and AMI meters are meters using advanced metering infrastructure technology. This enables consumption data to be read remotely without having to directly access the meter or property for a manual reading.

The current scope of our smart metering programme is to install more than 157,000 AMI smart meters across Coventry and Warwickshire, and 180,000 smart meters across Birmingham, Leicestershire, and Shropshire. Our Metering operation have delivered a further 106,000 smart meters, bringing our total AMP7 delivery to 443,009. This includes new installations at previously unmetered properties and upgrades of existing basic or AMR meters to AMI.

Data Communications Network Technology – We have chosen to use a LoRaWAN data communications network. The network infrastructure is built and owned by a third party. It is typically deployed on local authority assets (street lighting columns, properties, etc.) using wayleave contracts agreed with each upper-tier authority. As a result, deployment plans for AMI meters are dependent on agreements being reached to build the network infrastructure.

Enabling a LoRaWAN open protocol network across our region also provides opportunities for other sensors (such as sewer loggers, acoustic loggers, etc.) to utilise the network capabilities. This creates the ability to provide an affordable and efficient strategic move into smart networks across our region.

Meter Hardware Technology - Our chosen meter hardware is a ‘plug-and-play’ solution, proven to work at depths of up to one meter with the meter and radio communication module paired in the factory. As there are no additional components to install, an external installation within a boundary box is straight forward and less time consuming than it would be with alternative available hardware - helping us to keep installation costs down.

The meter offers data collection via both AMI and AMR concurrently. This is beneficial as it allows us to deploy meters in areas where network coverage is not yet in place, whilst still obtaining billing reads and continuous flow alerts. We forecast our combination of data communications network and meter hardware technology will meet our target of 15-year asset life.

Hourly consumption data and various alerts are collected from our smart meters four times per day via the LoRaWAN network. This allows for swift identification of continuous flows, and in-turn a much quicker intervention than with our existing meter estate. 80% of customers have rectified their own leaks when prompted via our engagement platform. We also receive consumption data at a 15-minute granularity during a three-hour nightline window. This has enabled us to explore the balancing of our network using smart meter data.

Severn Trent are utilising AMI data to monitor and understand the true impact of behaviour change on customer demand. Driven via the identification of internal plumbing losses, ongoing direct customer engagement, and customers switching from an unmeasured to a measured bill, we have delivered a 9.0 ML/d reduction in customer demand from our smart meters up to April 2025.

By intervening promptly when continuous flows are identified, we have also been able to deliver a 3.4 ML/d reduction in leakage up to March 2025.

Business Plan Commitments

Severn Trent PR19 Business Plan commitment to install a minimum of 410,649 smart meters across AMP7 through a combination of proactive and optant (customer request) installations. With the conclusion of the AMP, we are pleased to confirm that we achieved this target - installing 577,155 meters via these workstreams. This figure does not include any meters delivered via the Green Recovery or Defra Accelerated Send programmes. Our metering delivery is supporting the identification of leaks and will aid the reduction of leakage in our region.

For renewals, our business plan covered the replacement of stopped, faulty, and damaged water meters. This enables accurate metered billing to actual meter readings instead of estimates, thus meeting customer expectations. Accurate meter data also provides benefits to our void properties process.

Value reported in 6D.23 is the difference between Total Leakage reported at APR24 and APR25. Total leakage in this line includes leakage benefit from all metering, including Green Recovery & Accelerated Infrastructure smart meter delivery. Green Recovery benefit is reported separately in table 10A and 10B

The WRMP/PR24 leakage forecasts align to reported leakage performance up to and including APR24. Our forecasts in these plans set the trajectory to deliver AMP7 leakage reduction. We achieved the spot year target with our performance in 2024/25 and delivered the 14.3% reduction required in AMP7.

6F - WRMP ANNUAL REPORTING ON DELIVERY – NON-LEAKAGE ACTIVITIES

Year ended 31 March 2025

Thornton to Cropston is completed and demonstrated it can deliver 7.5 ML/d subject to resolution of a PFAS issue. Strelley to Redhill pipeline is completed and has been commissioned and demonstrated delivery of 25 ML/d.

The Peckforton scheme is complete and demonstrated it can deliver 36 ML/d. Following review of the capital expenditure for the scheme we identified previous years consisted of expenditure for commissioning of an arsenic removal plant which is required for our DWI commitment. The arsenic removal plant is not included within our WRMP plans and therefore we have omitted these costs from the APR report in table 6F.

As part of our Water Efficiency schemes, we continue to communicate to customers especially during hot and cold weather events, deliver thousands of household and non-household water efficiency visits and this year we have begun installation of flow valves on individual properties with meters. We have installed 20,000 valves this year. These reduce total maximum flow, without impacting customer experience or pressure, and have the effect of reducing total water consumption by an estimated 5%. Influencing customer behaviour remains difficult but we continue to learn and test new approaches such as the Nectar project, which awards points to customers for meeting water saving targets.

7A - FUNCTIONAL EXPENDITURE - (WASTEWATER NETWORK+)

Year ended 31 March 2025

No additional commentary relating to this data table.

7B - LARGE SEWAGE TREATMENT WORKS - (WASTEWATER NETWORK+)

Year ended 31 March 2025

No additional commentary relating to this data table.

7C - SEWER AND VOLUME DATA (WASTEWATER NETWORK+)

Year ended 31 March 2025

7C.1-2

No S101a projects were delivered in the reporting year. The assessment, promotion, design, and delivery has been a lengthy process. Delivery delays were attributed to difficult ground conditions in the location of the duty properties.

As we enter AMP8, S101a will be delivered differently, with initial assessments and commercial processes established earlier in the project lifecycle to enable timely delivery.

7C.13

The sector received further clarity from Ofwat on 12 June, outlining the measure is to be reported on a financial year basis and to follow the same methodology required by the EA in the annual report. The initial guidance provided within RAG4 stated the performance was to be calculated as reported to the EA in the annual report which is reported on a calendar year basis therefore the measure was historically reported within our APR over a calendar year period. We have acted on the updated information from Ofwat and for the APR25 calculated the measure for the financial year period.

7C.14-15

Reduction in our performance this year is due to our rehabilitation and refurbishment programmes being front end loaded through the AMP.

7C.15

When interpreting ‘structurally refurbished’, the actual length is taken from our work management system (‘SAP’) and entered by contractors within Capital Delivery and Operations workstreams. The actual length is the length that has been replaced or refurbished and not the distance between manholes. The term structurally refurbished is any length that has been rehabilitated which improves the structural grade of the pipe. The actual numbers are based on what the contractors input and are cross referenced to validate throughout the reporting year as per our assurance process.

7C.15

Year on year increase for length of other Wastewater Network pipework is due the ongoing work the company is undertaking on surveying all our wastewater overflows as part of the EDM installation and logger checks. The tasks include that the spill pipes have been correctly recorded in our internal systems, and this activity has seen a small increase in our reportable pipework lengths.

7D - SEWAGE TREATMENT WORKS DATA (WASTEWATER NETWORK+)

Year ended 31 March 2025

7D.17

The population equivalent provided relates to the delivery of 153 Capex schemes which take on new or tightened Phosphorus permit conditions aligned to the PR19 WINEP within the reporting year. There are no additional permits which have been taken on with Opex only solutions within the reporting year.

There are three schemes that are not included for APR reporting. one scheme that has no spend against phosphorus driver in Year 5, another one with a do nothing scheme and the last one is a tightened permit what we haven't done anything on site.

7D.18

There are no sites that have taken on new or tightened nitrogen consents within the reporting year either via capex or opex solution.

7D.19

The population equivalent provided relates to the delivery of 21 capex schemes which take on new or tightened Sanitary permit conditions aligned to the PR19 WINEP within the reporting year. There are no additional permits which have been taken on with opex only solutions within the reporting year.

7D.20

There are no sites that have taken on new or tightened microbiological consents within the reporting year either via capex or opex solution.

7D.21

Capacity enhancement has been delivered at 22 sites with a summated additional capacity of 344,234 as population equivalent.

7D.22

The population equivalent provided relates to the delivery of two Capex schemes which take on new Chemicals or other hazardous substance permit conditions aligned to the PR19 WINEP within the reporting year.

There are no additional permits which have been taken on with Opex only solutions within the reporting year.

7E - ENERGY CONSUMPTION AND OTHER DATA (WASTEWATER NETWORK+)

Year ended 31 March 2025

7E.2

There are no Designated Coastal Bathing Waters in the Severn Trent England area. There are four inland bathing waters: Colwick Country Park, River Severn in Shrewsbury, River Severn at Ironbridge and River Teme in Ludlow.

This is an increase of three since APR24, due to three new inland bathing waters (River Severn in Shrewsbury, River Severn at Ironbridge and River Teme in Ludlow), that were designated in 2024.

7E.4

Significant increase from APR24 including the delivery of 1 AMP7 U_MON5 and 64 U-MON4 sites as well as 40 U_INV2 sites that had existing flow monitors certified for pass forward flow (FPF) monitoring.

We have also delivered early 72 U_MON4c sites as part of the accelerated Infrastructure delivery programme (reported within Section 10F and 10H).

In total 177 sites have been confirmed as certified for FPF flow monitoring in this period.

7E.6-8

We have seen a decrease in energy consumption this year for Sewage Collection as we have seen a reduction of prolonged wet weather periods compared to the year before and therefore a reduced amount of flow in the network to pump compared to the prior year.

Sludge Treatment increase in energy consumption related to increased treatment requirements i.e. increase in trade loadings or increased strength of loads through works.

7E.9-10

Delivery of four U_IMP5 Schemes with a summated FFT increase of 180.7 l/s requiring capital investment aligned with AMP7 WINEP requirements

7E.11

An additional 485m^3 of storm tank capacity has been added at six sites with U_IMP6 drivers within the reporting year. Reported is the actual increase in storm tank capacity and not the permitted value increase. Delivery profile aligns to WINEP requirements.

7E.15-16

Six sites have had additional storm tank capacity delivered within the reporting year aligned to the required delivery profile for the U_IMP6 driver.

Two of the six sites where storm tank capacity has been installed to meet U_IMP6 requirements have included the addition of pumping either to fill or empty the storm tank.

7E.22

There are 21 sanitary tightening schemes reported as aligned with the population within 7D.19. 20 schemes in WINEP listings and one scheme in Green Recovery.

7E.23

Of the 177 flow monitors (reported in 7E.4) confirmed as certified for FPF flow monitoring in this period, 92 have required a civils installation. The installations included new flumes or inlet structures for flow measurement, new flow meters within chambers and new flow meters in above ground pipework.

7E.25

Significant number of improvements have been made during the reporting period as we launched a huge enhancement programme with the aim of reducing spills and improving river health. We have delivered a wide variety of interventions in addition to larger, traditional capital works. As a result, the number of storm overflows improved has increased significantly on the previous year.

7F - WINEP PHOSPHORUS REMOVAL SCHEME COSTS AND COST DRIVERS - WASTEWATER NETWORK+

Year ended 31 March 2025

No additional commentary relating to this data table.

8A - BIORESOURCES SLUDGE DATA

Year ended 31 March 2025

8A.1-2

No sludge treated by third party - therefore no double counting is included in these numbers.

Reported performance has increased in the line 8A.1 this was expected due to the number of quality schemes introduced by WWR towards the end of the AMP.

8A.4

Tankered Domestic contribution calculated through measuring total solids and volume through JRP loggers at every site. These loggers record the date, time, driver, volume, and suspended solids of each load. Tankered Trade contribution calculated through multiplying volume of waste received and lab measured solids as recorded on our sample database.

This data includes the volume and suspended solids content which is then used to calculate the thousand tonnes of dry solids of non-appointed loads.

The reported performance for Year five is comparable to the submitted performance for year three as we have seen a reduction linked to site availability and waste types which have reduced this year due to process controls.

8A.5

Decrease seen this year as Toton digesters closed at the end of March 2024 as well as Hartshill and Hinckley digesters being offline for the reporting period.

8A.10-18 Road distance yearly variations

The increase seen this year in the total measure of intersiting work done by tanker is a result of a decrease in average tonnes of dry solids resulting in more movements required, as well as the closure of digestion sites, resulting in more travel.

The increase for the intersiting work by truck is due to several factors such as the increase in liquid imports at Brancote therefore more exported, restrictions on imports at our sites at Strongford and Minworth and therefore the loads transported further to our Finham or Stoke Bardolph sites.

The increased tonnages and increased distances results in the increase also seen for the total measure of work done in sludge disposal operations by truck.

8A.10-18 Road distance calculations

8A.10, 8A.11, 8A.12 and 8A.13 - Planned distances are taken from Paragon planning software. Paragon uses HERE mapping (updated annually) and is specifically for HGV's.

8A.14, 8A.15 and 8A.18 - Nil return as no recycling activities using tankers and pipelines.

8A.16 and 8A.17 – Straight-line distance is calculated by "BIO" IT system. Road distances are calculated from straight line distance using "Paragon" vehicle routing software.

8B - BIORESOURCES OPERATING EXPENDITURE ANALYSIS

Year ended 31 March 2025

No additional commentary relating to this data table.

8C - BIORESOURCES ENERGY AND LIQUORS ANALYSIS

Year ended 31 March 2025

8C.1

Increased heat consumption requirements over the reporting period due to increase in the volume of loads to treat as well as requiring higher heat requirements in our new treatment processes.

8C.6

As per the increase in heat demand required from the bioresources treatment processes this year, we have seen an increase in energy bought from the grid or third parties.

8D - BIORESOURCES SLUDGE TREATMENT AND DISPOSAL DATA

Year ended 31 March 2025

8D.1-7

No significant process changes for the reporting period, variances observed this period relate to optimisation of processes.

9A - INNOVATION COMPETITION

Year ended 31 March 2025

No additional commentary relating to this data table.

10A - GREEN RECOVERY DATA CAPTURE ADDITIONAL ITEMS

Year ended 31 March 2025

10A.2

Year on year increase in replacement of lead communication pipes are due to greater completed volumes from contractors and the Grant scheme as the programme reaches its optimum stage.

10A.7-14

The installation rate for the reporting year aligns with the installation requirements in delivering our smart meter Green Recovery programme. Meter installations at business properties are not in scope for the programme.

10B - WATER COMMON PERFORMANCE COMMITMENT RELEVANT TO GREEN RECOVERY REPORTING

Year ended 31 March 2025

No additional commentary relating to this data table.

10C - WASTEWATER COMMON PERFORMANCE COMMITMENT RELEVANT TO GREEN RECOVERY REPORTING

Year ended 31 March 2025

No additional commentary relating to this data table.

10D - BESPOKE PERFORMANCE COMMITMENT RELEVANT TO GREEN RECOVERY REPORTING

Year ended 31 March 2025

No additional commentary relating to this data table.

10E - GREEN RECOVERY DATA CAPTURE RECONCILIATION MODEL INPUT

Year ended 31 March 2025

10E.10

Reported performance for year three and year four has been slightly amended following updated construction documentation submitted, resulting in changes to the submitted volumes for the reporting periods.

10F - ACCELERATED INFRASTRUCTURE DELIVERY PROJECTS DATA CAPTURE ADDITIONAL ITEMS

Year ended 31 March 2025

No additional commentary relating to this data table.

10G - TRANSITIONAL EXPENDITURE DATA CAPTURE ADDITIONAL ITEMS

Year ended 31 March 2025

No additional commentary relating to this data table.

10H - ACCELERATED SCHEMES DATA CAPTURE RECONCILIATION MODEL INPUT

Year ended 31 March 2025

No additional commentary relating to this data table.

11A - OPERATIONAL GREENHOUSE GAS EMISSIONS

Year ended 31 March 2025

GREENHOUSE GAS EMISSIONS REPORTING FOR 2024/25

SUMMARY OF PERFORMANCE

In accordance with Ofwat requirements, we are pleased to present the Greenhouse Gas ('GHG') Emissions Reporting for 2024/25. We have achieved a 25% reduction in Group emissions compared to our 2019/20 baseline. This marks significant progress toward our Science Based Target (SBT) goal of a 46% reduction of scope one and scope two emissions by 2031. The primary driver of this reduction has been our transition to 100% renewable electricity from our suppliers.

Although our net emissions for scope one for Severn Trent Water have increased by 5% from those reported in 2023/24, as reported in line 11A.4, most of this stems from more accurate reporting of natural gas from metered data (c.80%) as well as a slight increase of natural gas use. To generate heat in order to meet environmental standards, we have limited alternatives other than use of natural gas. We also use more natural gas for thermal hydrolysis plant ('THP') sludge treatment process and Acid Phase Digestion ('APD') which produce better quality sludge digestate and more renewable energy, but requires high temperatures. However, as THP produces less process emissions, overall it has half the total emissions of traditional anaerobic digestion.

Therefore, this increase is balanced by a reduction in our process emissions, which continue to make up the majority of our Scope 1 emissions.

Our Group level commitment to fleet electrification continues, with a 28% increase in electric vehicles (EVs) since 2019. This year we have also improved the accuracy of our EV charging data and off-site/home charging is captured for the first time, under line 11A.13. These are assumed to use non-renewable electricity and are reported under market-based emissions.

On-site charging reported under line 11A.10, using Renewable Energy Guarantees of Origin (REGO)-backed renewable electricity.

For the first time, biogenic emissions have been included at the Group level in the Annual Report and Accounts (ARA). These have increased in line with increased generation, consumption, and export of renewable biogas and biomethane. These include:

- CO_2 emissions from the conversion of biogas to bio-methane,
- Combustion of biogas in Combined Heat and Power (CHP) engines and
- Downstream combustion of bio-methane by gas users.

We continue to report the benefit from our 100% REGO-backed electricity tariff. This is reflected in our market-based emissions reporting, supporting our commitment to sustainable energy sourcing.

Explanatory Statement on Reporting

This APR is based on the outputs using CAW v.19_v02 of the industry standard Carbon Accounting Workbook (CAW), the latest version available as of 31 March 2025.

Since 2021, we have invested in a direct emissions monitoring programme across several wastewater treatment facilities which provides more accurate data. Where available, direct monitoring data is reported at the facility level using a two-year rolling average to account for seasonal variation. For other sites, we apply an emissions factor based on internal and external studies.

Multi-year data shows that N2O emissions vary due to environmental and climatic influences on biological treatment processes. Currently, direct monitoring covers 43% of our wastewater and 50% of our sludge treatment operations.

Our fourth year of monitoring confirms that actual emissions are higher than UK Water Industry Research ('UKWIR') CAW estimates, but generally lower than the Intergovernmental Panel on Climate Change ('IPCC') global factors. For example, for Line 11A.2, the CAW estimate is 145,878 tCO_2e, while our in-house measurement reports 298,379 tCO_2e.

For the purposes of calculating process emissions within the Carbon Accounting Workbook (CAW), we input the value from Line 4R.28—population served by sewage treatment works (resident only)—adjusted to reflect the 'population served by at least secondary treatment'. This approach is consistent with the methodology used in our submitted forecasts.

It is important to note that there may be methodological differences across the industry which would lead to inconsistencies in reported process emissions, particularly where population data inputs vary.

Assuring Our Data

Our data and processes are subject to external assurance every year. The Group's independent non-financial assurer, Jacobs, completed a full audit of our Scope 1, 2 and 3 data in line with the principals of the ISO 14064:3 International Standard for GHG emissions and found our processes for reporting are consistent with the reporting requirements in the GHG Protocol.

We were re-certified to the Advancing Tier of the Carbon Trust pilot Route to Net Zero Standard which recognises the progress of an organisation on its journey to net zero. This included assurance to ISO14064:3 International standard for GHG emissions for our Scope 1 and 2 and a small portion of our Scope 3 data. We have also reported and publicly disclosed emissions and climate change data to the Carbon Disclosure Project ('CDP') every year since 2006 and in 2024 achieved a score of A-.

Scope 3 Emissions

Of the Scope 3 categories we report for the APR, we have seen an increase of 31% in capital goods driven by an increase in expenditure and activity, as our investments are accelerated. There has been a decrease in emissions from the purchased goods and services category, although this is due to the use of specific emission factors, where available. However, expenditure across the group continues to increase. We have removed the chemical values reported in 11A.29 from our purchased goods and services to avoid double counting, as per the guidance.

Explanatory Statement on Reporting of Embedded Emissions at Severn Trent

Many of the capital goods calculations for STW are derived using spend analysis, although there are a small number of carbon calculators used. We will continue to utilise carbon calculators with the intention to increase the volume of projects reporting data using the carbon calculator, as opposed to spend based factors, in next years submission (2025-26).

For reporting purposes, we have classified all capital spend as 11A.50 capital projects. While options have been provided to report either cradle-to-build or cradle-to-gate, we have chosen to report only cradle-to-build. This decision is because our capital projects are primarily reported from spend analysis which represents cradle-to-build.

We categorise our reporting of embedded carbon as amber against the provided RAG guidelines. This classification reflects our belief that we successfully meet three out of the four criteria. We continue to strive for excellence and are actively working towards fulfilling all the categories to further improve our performance.

Amber Criteria	Criteria met?	Justification
Provision of embedded emissions data as it relates to capital projects (cradle-to-gate or cradle-to-build).	Y	Embedded emissions data has been provided from cradle-to build
Clear evidence of external verification by an appropriately qualified party as it relates to the use of standards and frameworks, and quality of data.	N	External verification has not yet taken place, however external data and process audits have been conducted.
Engagement with one recognised standard, framework, or approach for managing and reporting on embedded emissions.	Y	BS EN 15978:2011 methodology has been adhered to so as to divide carbon calculation into distinct lifecycle stages and allow for cradle-to-build classification. Within our calculation process we use PAS2080 to identify emission reduction opportunities. Factors used are sourced from industry accepted sources (CESMM, Defra and the Bath Inventory of Carbon and Energy). Our spend analysis is calculated from SWC factors using EEIO methodology which is in-line with the GHG protocol.
Complete and detailed SWOT analysis referring to embedded emissions.	Y	SWOT analysis below

Strengths

Progress on targets: We made significant progress and achieved a 25% reduction in Group emissions compared to our 2019/20 baseline for our SBT of 46% reduction of Scope one and Scope two emissions by 2031.

Energy: We generate hydro-electricity and biogas within STW. These are reported in our ARA as avoided emissions.

Carbon Trust Route to Net Zero Standard: We were re-certified to the Advancing Tier of the Carbon Trust pilot Route to Net Zero Standard which recognises the progress of an organisation on its journey to net zero.

Process emissions: As part of our commitment to more accurate reporting, we continue to use a bespoke emission factor for N20. This factor uses a combination of data collected from five operational sites within the STW Plc Group, and an emission factor informed by internal and external monitoring work, as detailed in the Explanatory Statement on Reporting. Our confidence grade for our own measurement of process emissions has therefore continued to improve over the last two years and is now at B4 for N20 and C3 for methane monitoring.

Innovation: The Company leads the sector in its approach to measuring and understanding process and fugitive emissions, which are our most significant Scope 1 emissions source. We have invested heavily in establishing our Net Zero Hub to enable future reduction of our process emissions and secured significant funding in STW to enable future reduction of our process emissions. See more detail under 'opportunities'.

Leadership: We continue to demonstrate strong leadership commitment and enjoy support from stakeholders, shareholders and customers on our plans to reduce greenhouse gas emissions.

Collaboration: We actively support and adopt a collaborative approach with the UK water industry and beyond, ensuring consistency and sharing of best practice. For example, we have provided comprehensive support to the newly appointed contractors in the development of the CAW. This included ensuring the accuracy and completeness of the Table 11A, along with robust testing and implementing improvements to enhance the workbook's reliability and functionality.

Embedded Emissions: Criteria for using carbon calculators on projects that completed construction within the reporting period (irrespective of their commencement date) has been fully integrated into the reporting

process during the reporting period. The submission includes embedded emissions for capital projects completing construction in the reporting period. This encapsulates the cradle-to-build stages.

Data robustness: Our data and evidence collection process for embedded emissions has been improved which will reduce instances of manual error. The carbon reporting dashboard in Power BI has been improved, allowing stakeholders to quickly check compliance, and track data at multiple points through the lifecycle of a project and hotspots.

We use an approximate baseline quantification for capital goods and services using expenditure based on Environmentally Extended Input–Output methodology. Significant automation of data and evidence collation has been introduced through a Power BI report which will reduce the need for manual data input or copy/paste error and will be available for STW projects that use our in-house carbon calculator in future.

PAS2080: In summer 2024, we conducted a gap analysis against PAS2080 which has helped us identify opportunities to embed carbon into our decision making, which we are working to address i.e. assessing our standards to support carbon reduction. A result of this has been to establish a Carbon Innovation Forum with our capital suppliers to share case studies and learnings around driving carbon reduction.

Weaknesses

Net emissions: Although our net emissions as reported in line 11A.41 for Severn Trent Water have increased by 5% from those reported in 2023/24, most of this stems from more accurate reporting of natural gas from metered data (c.80%) as well as a slight increase in use of natural gas.

Process emissions: Our process emissions, as reported in table 11A, are calculated using the CAW to ensure comparability with our peers. However, we recognise that this approach underestimates emissions. To address this, we are actively expanding our direct monitoring methodology to provide a more accurate representation of our emissions.

Scope 3 gas type: Some elements of Scope 3 (line 11A.29 - 11A.32) cannot report by gas type so data is missing in these rows.

Embedded emissions: We do not report cradle-to-gate as our capital projects are primarily reported from spend analysis and the factor represents cradle-to-build. Data using the carbon calculator is still a small proportion of the overall spend based data submission. The carbon calculator tool still has opportunities for user input error. Assumptions used within carbon curves (asset level carbon factors for composite project elements such as tanks or dosing rigs) are still very broad, with limited transparency. External verification of dedicated capital carbon data is not yet in place; however it has been included in third party assurance of our full GHG footprint.

Emission factors: We recognise that embedded emissions (purchased goods and services and capital projects) are largely based on broad emission factors provided from our consultant Small World Consulting. We would like to move to more specific factors and ultimately activity data. This relies on our supply chain to mature in their carbon reporting.

Opportunities

Process emissions: Our own monitoring of process emissions shows that significant improvement in data is needed to accurately reflect the emissions from our assets and operations and enable improvements to be made. Deeper insights from undertaking our own process emissions monitoring confirms that they are substantially higher than previous existing industry estimates within the CAW.

Deeper and more accurate understanding allows us to target our investment more effectively to reduce emissions. We have therefore focused heavily on research and development in this area and recognise this as an opportunity.

CAW: We are actively improving the rigour and consistency of carbon accounting and the CAW in collaboration across the sector with UKWIR to ensure it is robust, scientifically sound, and fit for purpose.

Opportunities for reduction: Innovation continues to be a cornerstone of our journey to net zero. As part of our strategic approach, we are trialling and deploying cutting-edge technologies in tandem at our Net Zero Hub to reduce our most material emissions, our process emissions.

In AMP8, we are investing £295 million to install a range of technologies across our wastewater treatment sites, designed to significantly reduce our process emissions. A combination of Membrane Aerated Biofilm reactor (MABR), virtual modelling (digital twin technology), and cover and treat technologies (Actilayer) reduces energy use and production of N2O. In addition, drones, cameras, covers, and active gas capture (Elovac degassing system) will minimise release of methane.

As part of our commitment to our SBTs, we are actively engaging with our supply chain to drive emissions reductions beyond our direct operations. To date, 65% of our suppliers across the Group have committed to setting their own SBTs, marking a significant milestone in our decarbonisation journey. Our target is to increase this figure to 70% by 2026. While we recognise that it will take time for these organisations to implement the necessary programmes to achieve their targets, their commitments represent a crucial step toward reducing Scope 3 emissions.

Embedded carbon: As we continue to enhance our approach to carbon management, we recognise the importance of embedded carbon in our capital delivery. The introduction of the bespoke Capital Carbon ODI is expected to significantly support data collection efforts and drive emissions reductions throughout AMP8. To support this transition, it is our intention to increase the number of projects reported data using the carbon calculator, as opposed to spend based factors, in 2025/26 and we are committed to further develop our carbon calculator. This will allow us to reduce reliance on spend-based emission factors, which can lack precision and insight. Planned enhancements include the integration of cradle-to-gate measurement, enabling a more comprehensive and accurate assessment of embedded emissions across the full lifecycle of materials and processes.

Purchased Goods & Services: We aim to move away from spend based reporting as we collaborate further with suppliers to receive supplier specific emissions, improving the accuracy of reporting. A water industry approved survey has been agreed and will be sent to suppliers to improve the efficiency of receiving data from suppliers.

Threats

Upwards pressures: Increasing demands from a changing climate, population growth, increasing water quality standards, and resilience of water supply require a significant level of investment which makes our challenge ever more difficult. Changing water standards may mean more carbon intensive processes are used.

Reliance on cross-sector and our supply chain: We cannot achieve Net Zero and SBTs alone. We need suppliers, stakeholders, Government and regulators working towards the same aims especially where lower carbon options are more costly or higher risk. This is especially true for our Scope 3 emissions. The additional administrative burden and any cost impact of this in our supply chain is yet to be understood.

Cost and risk consideration: The relatively high uncertainty in quantification for embedded emissions means there is margin for error. Our constrained cost frameworks and low margin for risk on environmental and service requirements might not allow lowest carbon choices to be selected.

Embedded Carbon: Compliance to use of the carbon calculator process was low during the reporting year and extensive support of Sustainability Analysts was required to aid project teams in producing calculator data.

As the industry moves towards updating standard emission factors more frequently, there is a risk of the emissions factors being used becoming outdated as these are currently updated annually. In addition, intensity of carbon data may alter to the negative as we increase the calculator based submission proportion and reduce reliance on spend based factors.

Purchased Goods and Services: During AMP8 our expenditure will increase and with this, it is expected that emissions will increase.

SUPPLEMENTARY DISCLOSURES

Year ended 31 March 2025

A) BORROWINGS AND INTERCOMPANY LENDING

Amounts paid to associated companies in the year and related payable balances at the year end are outlined below:

	Amounts paid	Interest rate	Payable balance
	£m	%	£m
Reservoirs Ltd (loan)	-	5.70%	111.780
Reservoirs Ltd (lease)	20.547	1.90%	207.109
Leasing Ltd (loan)	1.510	4.75%	293.558
Leasing Ltd (lease)	4.526	4.75%	171.798
East Worcester Water Ltd*	192.932	6.38%	-

*Repaid via dividend in specie

Amounts received from associated companies in the year and related receivable balances at the year end are outlined below:

	Amounts received	Interest rate	Receivable balance
	£m	%	£m
Leasing Ltd (lease)	0.822	4.75%	94.146

B) TRANSFER OF ASSETS/LIABILITIES, OMISSIONS, WAIVERS, GUARANTEES

During the year land was transferred to Midlands Land Portfolio Limited in part exchange for a similar size of land for which £12,000 consideration was paid to Severn Trent Water, no guarantees were issued in favour of associated companies.

There were no rights omitted to be exercised resulting in a reduction in the value of net assets of the Company and no waivers of any consideration, remuneration, or any other payment receivable by the Company.

C) SUPPLY OF SERVICES

Services supplied by the Appointee to associated companies are outlined below.

Service	Company	Turnover of associate in the period	Terms of supply	Value
		£m		£m
Pass through of management charges	Data Portal Ltd	-	Cost	0.028
Pass through of management charges	Etwall Land Ltd	-	Cost	0.026
Pass through of management charges	Midlands Land Portfolio Ltd	-	Cost	0.238
Pass through of management charges	Severn Trent Plc	-	Cost	3.666
Pass through of management charges	Severn Trent Green Power Ltd	26.676	Cost	1.882
Pass through of management charges	Severn Trent Services Operations UK Ltd	28.412	Cost	1.230
Pass through of management charges	Severn Trent Property Solutions Ltd	7.188	Cost	0.927
Pass through of management charges	Severn Trent Retail and Utility services Ltd	-	Cost	0.196
Pass through of management charges	Severn Trent Services (Water and Sewerage) Ltd	4.209	Cost	0.022
Pass through of management charges	Hafren Dyfrdwy Cyfyngedig	46.819	Cost	1.934
Retail support services	Hafren Dyfrdwy Cyfyngedig	46.819	Cost	0.362
Wholesale support services	Hafren Dyfrdwy Cyfyngedig	46.819	Cost	2.204
Bulk water supplies	Hafren Dyfrdwy Cyfyngedig	46.819	Tariff	4.500
Records management	Severn Trent Data Portal Ltd	-	Market tested	0.362
Water supply and waste disposal	Severn Trent Services Defence Ltd	52.320	Tariff	0.010
Sale of crops	Severn Trent Green Power Ltd	26.676	Cost	1.099
Water operational services	Hafren Dyfrdwy Cyfyngedig	46.819	Cost	0.784
Waste water operational services	Hafren Dyfrdwy Cyfyngedig	46.819	Cost	0.809
Tankering fleet services	Hafren Dyfrdwy Cyfyngedig	46.819	Cost	0.827
Wholesale charge	Water Plus Select Ltd	779.912	Tariff	233.355
Technology services	Hafren Dyfrdwy Cyfyngedig	46.819	Cost	1.367
Technology services	Severn Trent Services Operations UK Ltd	28.412	Cost	0.909
Lease Agreement	Severn Trent Green Power Ltd	26.676	Market tested	0.779
Lease Agreement	Severn Trent Wind Power Limited	2.609	Market tested	0.058
				257.574

Services received by the Appointee from associated companies are outlined below.

Service	Company	Turnover of associate in the period £m	Terms of supply	Value £m
Bulk water supplies	Hafren Dyfrdwy Cyfyngedig	46.819	Tariff	1.585
Management Recharge	Hafren Dyfrdwy Cyfyngedig	46.819	Cost	0.229
Supply of electricity	Severn Trent Green Power Ltd	26.676	Market tested	5.245
Supply of electricity	Severn Trent Wind Power Ltd	2.609	Market tested	0.229
Pass through of management charges	Severn Trent Plc	-	Cost	0.726
Insurance Premium	Lyra	-	Cost	1.590
Water operational services	Hafren Dyfrdwy Cyfyngedig	46.819	Cost	1.549
Waste water operational services	Hafren Dyfrdwy Cyfyngedig	46.819	Cost	0.004
Retail support services	Hafren Dyfrdwy Cyfyngedig	46.819	Cost	0.010
				11.167

D) SERVICE PROVIDED TO THE NON-APPOINTED BUSINESS

Service	Basis of recharge	Value of recharge £m
Treatment of imported sludge	Direct and indirect costs	0.391
Treatment of tankered waste	Direct and indirect costs	12.452
Property searches services	Direct and indirect costs	0.376
Sewer blockages	Direct and indirect costs	1.122
Other water companies billing activities	Direct and indirect costs	1.538
Plumbing and drainage insurance introducer services	Direct and indirect costs	0.145
Farm sales	Direct and indirect costs	2.022
Community Dividend	Direct and indirect costs	2.355
Visitor experience & Forestry	Direct and indirect costs	0.438
Commercial Data Services	Direct and indirect costs	0.654
		21.493

E) GROUP RELIEF CHARGES FOR TAX LOSSES

Payments are made between UK entities for the surrender of tax losses within the Severn Trent Group at the prevailing corporation tax rate in the period (2023/24 - 25%).

Company	Turnover of associate in the period £m	Terms of supply	Value £m
Severn Trent Reservoirs Ltd	-	Cost	0.463
Severn Trent Green Power (Cassington) Ltd	3.762	Cost	9.081
Severn Trent Green Power (Andigestion) Ltd	11.990	Cost	0.942
Severn Trent Green Power Ltd	26.676	Cost	1.324
Severn Trent Wind Power Ltd	2.609	Cost	0.252
Severn Trent Plc	-	Cost	2.220
Severn Trent Services (Water and Sewerage) Ltd	4.209	Cost	0.286
M A Solutions (LINDUM) Ltd	0.188	Cost	0.044
			14.612

APPENDIX A – APR ASSURANCE APPROACH AND OUTPUTS

APPENDIX A: ASSURANCE APPROACH AND OUTPUTS

In this appendix you will find:

- OUR APR ASSURANCE APPROACH
- APR SPECIFIC GOVERNANCE APPROACH
- HOW WE APPROACH APR ASSURANCE
- OUTCOME OF ASSURANCE

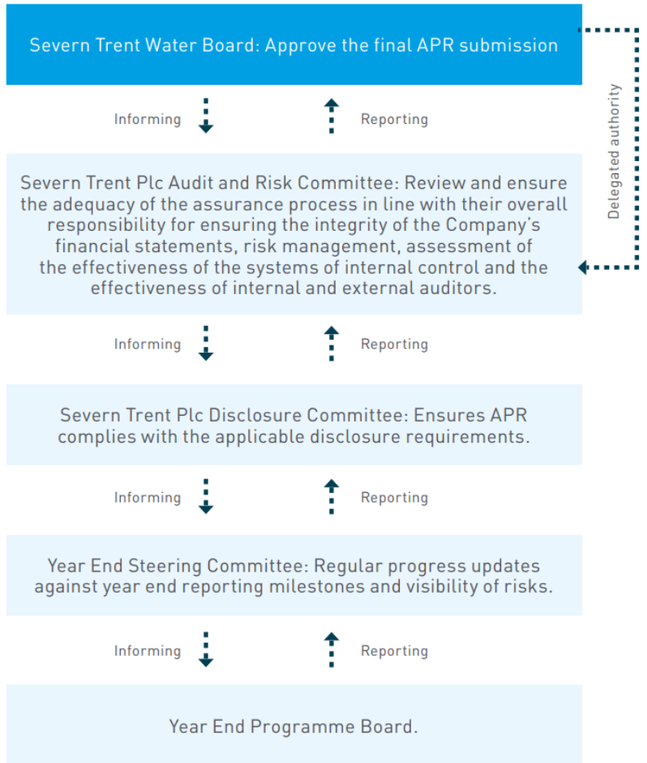
A.1 OUR APR ASSURANCE APPROACH

Our 2024/25 APR assurance plan uses our established risk-based three lines of assurance approach to ensure it has been given the appropriate level of governance and assurance.

A.2 APR SPECIFIC GOVERNANCE APPROACH

Our compliance framework incorporates Ofwat's most recent APR and regulatory reporting requirements, the 2024/25 revised Regulatory Accounting Guidelines ('RAGs'), and wider company duties.

The below diagram demonstrates the specific governance applied for the approval and publication of the APR.



A.3 HOW WE APPROACH APR ASSURANCE

Each data line of the APR is risk assessed centrally using an established framework to ascertain the level of assurance required: first; second; or third line assurance. Once the level of assurance is determined, the Group Compliance and Assurance Team co-ordinate and schedule the full assurance programme throughout the year and at year end with data, methodology producers and assurance providers.

As part of the performance reporting, we are required to publish regulatory accounts that, amongst other things, set out financial information:

- on the allocation of cost by price control and subsections of the value chain;
- on non-appointed activity; and
- on transactions between associated companies.

In reporting on the above, we are required to comply with Ofwat's RAGs - in particular 'RAG 2 - Guideline for the classification of costs across the price controls' and 'RAG 5 - Guideline for transfer pricing'. Over and above the RAGs, our Licence places an obligation on us to ensure that every transaction between the Appointee and any associated company is at arm's length, so that neither gives to nor receives from the other any cross subsidy (Condition F). This also applies to the appointed and non-appointed activity within the Appointee.

We have a number of controls in place to ensure that we apply the requirements as set out by Ofwat. Cost allocation activities within our Finance Team are part of our established third line assurance processes (the approach and outcome are explained later in section A.4).

A.3.1 FIRST LINE ASSURANCE

A key part of our assurance framework is the first and second line assurance activities that are undertaken throughout the year.

Each line of our APR submission has been reviewed during first line assurance. This activity is undertaken by the teams responsible for reporting the data so that colleagues with the right expertise conduct in-depth quality checks at the time the data is produced. They are also responsible for maintaining effective internal controls and implementing corrective actions to address process deficiencies if identified.

Each reporting line in the APR is assigned to a responsible manager who reviews and approves the data, process documentation and commentaries, forming an integral part of the assurance approach. An approval process is followed with final sign off for both the data and commentary at Executive Director level.

A.3.2 SECOND LINE ASSURANCE

For our higher risk data, the second line assurers facilitate and monitor the implementation of effective practices, ensuring that the first line assurance is designed, implemented and operates correctly, confirming that documented processes have been followed. This includes a review of the checks and controls to ensure the integrity and reliability of the data and information we publish.

Where it is identified that third line assurance is required, the Assurance Team liaise with the reporting teams to monitor improvement activities and resolve prior outstanding actions to ensure there are not any material issues.

A.3.3 THIRD LINE ASSURANCE

Our most critical data is subject to third line assurance. Our Internal Audit Team provides comprehensive assurance based on the highest level of independence within the Company. In addition, we use external financial and technical auditors who are independent of the Company and provide objective assurance of our data and information.

The following details the activities for each of our third line providers.

Internal Audit

Internal Audit performed several checks as part of its assurance to ensure that:

- processes followed were appropriate to produce the data required for our APR submission;
- historical data used in the tables could be traced back to source or previously published information;
- data was produced in line with the methodology documents and RAG 4 requirements ('Guideline for the table definitions for the APR'); and
- data from the working files were aligned to the APR data tables to be submitted.

Deloitte financial audit opinion

Deloitte provided financial audit procedures over sections 1 and 2 of the APR data tables. These sections provide a baseline level of historical cost financial information and are aligned to our price controls and associated regulatory performance commitments and incentives set out in Ofwat's 2019 Final Determination. As in previous years, Deloitte has informed Ofwat that a number of lines in Table 1F will not be subject to an audit opinion.

Deloitte has not performed any procedures on lines 1F.4, 1F.9 to 1F.11, 1F.15 to 1F.20 and 1F.23 of the statement of financial flows (table 1F), the Outcome performance table (tables 3A to 3I) or the additional regulatory information in tables 4A to 4Z, 5A to 5B, 6A to 6F, 7A to 7F, 8A to 8D, 9A, 10A to 10H and 11A.

Jacobs technical assurance

The technical assurance applied by Jacobs complements our risk-based assurance framework which is, in part, informed by previous assurance findings, as well as emerging risk and stakeholder feedback. Jacobs provided a staged approach to technical assurance, on the elements of the APR that are listed in the tables overleaf. Stages one and two focused on documentation and process and were undertaken on new measures or, where there had been changes to processes. During stage one, Jacobs review the Process Description Templates ('PDTs') which are followed to report against performance commitments ('PC') and non-financial APR data lines.

Stage two included formal reviews. The reviews ensure that:

- processes are in place to produce data that is consistent with the RAGs, PC definition or non-financial data definition;
- improvements and changes in processes from previous assurance rounds are clearly stated;
- accountability and responsibility for each stage of the process is clear with dependencies, assumptions, risks and mitigations identified; and
- there are appropriate checks and controls to ensure robust reporting.

Stage three focused on the data produced. The data audits involved:

- confirming that the data produced is consistent with the PDT and aligns with reporting guidance;
- confirming that internal checks and controls have been completed;
- carrying out proportionate sampling checks;
- confirming that exclusions have been applied correctly; and
- ensuring that any performance payments and data points are calculated in line with our Final Determination requirements. This focused on the mechanistic calculation to give the gross ODI outturn.

The assurance approach is summarised over the next few pages.

Regulatory accounts

Table Reference	Table Name	Methodology & Process	Data
1A	Income statement	Deloitte	Deloitte
1B	Statement of comprehensive income	Deloitte	Deloitte
1C	Statement of financial position	Deloitte	Deloitte
1D	Statement of cashflows	Deloitte	Deloitte
1E	Net debt analysis	Deloitte	Deloitte
1F[1]	Financial flows	Deloitte / Jacobs	Deloitte / Jacobs
2A	Segmental income statement	Deloitte / Jacobs[2]	Deloitte
2B	Totex analysis (wholesale)	Deloitte / Jacobs[2]	Deloitte
2C	Cost analysis - retail	Deloitte / Jacobs[2]	Deloitte
2D	Historic cost analysis of tangible fixed assets	Deloitte	Deloitte
2E	Analysis of grants and contributions (water resources, water network+ and wastewater network+)	Deloitte	Deloitte
2F	Residential retail	Deloitte / Jacobs	Deloitte / Jacobs
2G	Non-household water - revenues by tariff type	N/A	N/A
2H	Non-household wastewater - revenues by tariff type	N/A	N/A
2I	Revenue analysis	Deloitte	Deloitte
2J	Infrastructure network reinforcement costs	Deloitte	Deloitte
2K	Infrastructure charges reconciliation	Deloitte	Deloitte
2L	Analysis of land sales	Deloitte	Deloitte
2M	Revenue reconciliation - wholesale	Deloitte	Deloitte
2N	Household affordability support and debt	Deloitte	Deloitte
2O	Historic cost analysis of intangible fixed assets	Deloitte	Deloitte

[1] See note on Deloitte financial audit opinion for table 1F in section A4.

[2] Assurance of input opex allocations to price control / business unit.

Performance summary

Table Reference	Table Name	Methodology & Process	Data
3A	Outcome performance - water common performance commitments	2nd line / Jacobs	Jacobs
3B	Outcome performance - wastewater common performance commitments	2nd line / Jacobs	Jacobs
3C	Customer measure of experience ('C-MeX') table	Jacobs	Jacobs
3D	Developer services measure of experience ('D-MeX') table	2nd line / Jacobs	2nd line / Jacobs
3E	Outcome performance - non-financial performance commitments	2nd line	Jacobs
3F	Underlying calculations for common performance commitments - water and retail	2nd line / Jacobs	Jacobs
3G	Underlying calculations for common performance commitments - wastewater	Jacobs	Jacobs
3H	Summary information on outcome delivery incentive payments	2nd line	2nd line[1]
3I	Supplementary outcomes information	2nd line / Jacobs	Jacobs

[1] Assurance of the ODI model undertaken by Jacobs used for table 3H.

Additional regulatory information - service level

Table Reference	Table Name	Methodology & Process	Data
4A	Water bulk supply information	2nd Line	2nd Line
4B	Analysis of debt	Internal Audit	Internal Audit
4C	Impact of price control performance to date on RCV	Jacobs	Jacobs
4D	Totex analysis - water resources and water network+	Internal Audit	Internal Audit
4E	Totex analysis - wastewater network+ and bioresources	Internal Audit	Internal Audit
4F	Major project expenditure for wholesale water by purpose	Internal Audit	Internal Audit
4G	Major project expenditure for wholesale wastewater by purpose	Internal Audit	Internal Audit
4H	Financial metrics	Jacobs / Internal Audit	Jacobs / Internal Audit
4I	Financial derivatives	Internal Audit	Internal Audit
4J	Base expenditure analysis - water resources and water network+	Internal Audit	Internal Audit
4K	Base expenditure analysis - wastewater network+ and bioresources	Internal Audit	Internal Audit
4L	Enhancement expenditure - water resources and water network+	Internal Audit	Internal Audit
4M	Enhancement expenditure - wastewater network+ and bioresources	Internal Audit	Internal Audit
4N	Developer services expenditure - water network+	Internal Audit	Internal Audit
4O	Developer services expenditure - wastewater network+ and bioresources	Internal Audit	Internal Audit
4P	Expenditure on non-price control diversions	Internal Audit	Internal Audit
4Q	Developer services - new connections, properties and mains	Internal Audit	Jacobs / Internal Audit
4R	Connected properties, customers and population	2nd Line / Jacobs	Jacobs / Internal Audit
4S	Green Recovery expenditure - water resources and water network+	Internal Audit	Internal Audit
4T	Green Recovery expenditure - wastewater network+ and bioresources	Internal Audit	Internal Audit
4U	Impact of Green Recovery on RCV	Internal Audit	Internal Audit
4V	Mark-to-market of financial derivatives analysed based on payment dates	Internal Audit	Internal Audit
4W	Defined benefit pension scheme - additional information	Internal Audit	Internal Audit
4X	Accelerated infrastructure delivery project expenditure - water resources and water network+	Internal Audit	Internal Audit
4Y	Accelerated infrastructure delivery project expenditure - wastewater network+ and bioresources	Internal Audit	Internal Audit
4Z	Household bill reduction schemes, debt and Guaranteed Standards Scheme (GSS) payments	Internal Audit	Internal Audit

Additional regulatory information - water resources

Table Reference	Table Name	Methodology & Process	Data
5A	Water resources asset and volumes data	2nd Line / Jacobs	2nd Line / Jacobs
5B	Water resources operating cost analysis	Internal Audit	Internal Audit

Additional regulatory information - water network+

Table Reference	Table Name	Methodology & Process	Data
6A	Raw water transport, raw water storage and water treatment data	2nd Line / Jacobs	2nd Line / Jacobs
6B	Treated water distribution - assets and operations	2nd Line / Jacobs	2nd Line / Jacobs
6C	Water network+ - mains, communication pipes and other data	2nd Line	2nd Line / Jacobs
6D	Demand management - metering and leakage activities	2nd Line / Jacobs	Jacobs / Internal Audit
6F	WRMP annual reporting on delivery – Non leakage activities	2nd Line	Jacobs

Additional regulatory information - wastewater network+

Table Reference	Table Name	Methodology & Process	Data
7A	Wastewater network+ - functional expenditure	Internal Audit	Internal Audit
7B	Wastewater network+ - large sewage treatment works	2nd Line / Internal Audit	2nd Line / Internal Audit
7C	Wastewater network+ - sewer and volume data	2nd Line / Jacobs	2nd Line / Jacobs
7D	Wastewater network+ - sewage treatment works data	2nd Line	Jacobs
7E	Wastewater network+ - energy consumption and other data	2nd Line / Jacobs	2nd Line / Jacobs / Internal Audit
7F	Wastewater network+ - WINEP phosphorous removal scheme costs	2nd Line	Jacobs

Additional regulatory information – bioresources

Table Reference	Table Name	Methodology & Process	Data
8A	Bioresources sludge data	2nd Line	Jacobs
8B	Bioresources operating expenditure analysis	Internal Audit	Internal Audit
8C	Bioresources energy and liquors analysis	2nd Line	Jacobs / Internal Audit
8D	Bioresources sludge treatment and disposal data	2nd Line	Jacobs

Additional regulatory information - innovation competition

Table Reference	Table Name	Methodology & Process	Data
9A	Innovation competition	Internal Audit	Internal Audit

Additional regulatory information – Green Recovery and accelerated programme impacts

Table Reference	Table Name	Methodology & Process	Data
10A	Green Recovery data capture additional items	2nd Line / Jacobs	2nd Line / Jacobs
10B	Water Common PCs relevant to Green Recovery reporting	2nd Line	Jacobs
10C	Wastewater Common PCs relevant to Green Recovery reporting	2nd Line	Jacobs
10D	Bespoke PCs relevant to Green Recovery reporting	2nd Line	Jacobs
10E	Green Recovery data capture reconciliation model input	2nd Line	Jacobs
10F	Accelerated infrastructure delivery projects data capture additional items	2nd Line	2nd Line / Jacobs
10G	Transitional expenditure data capture additional items	2nd Line	2nd Line / Jacobs
10H	Accelerated schemes data capture reconciliation model input	2nd Line	Jacobs

Carbon

Table Reference	Table Name	Methodology & Process	Data
11A	Greenhouse gas emissions reporting	Jacobs	Jacobs

A.4 OUTCOME OF ASSURANCE

Our outcomes of assurance provide oversight of the assurance and audit activities completed by our third line assurance providers, both financial and non-financial. We have included an assurance statement from our technical assurers, Jacobs in the Board statements section. Deloitte provide an audit report in the Regulatory Accounts section.

Outcomes of assurance are provided below:

INTERNAL AUDIT OUTCOME

Internal Audit has confirmed that we did not find any material issues and supporting evidence and answers to queries raised were provided.

DELOITTE AUDIT OPINION

Deloitte's audit opinion confirms that:

"In our opinion, Severn Trent Water Limited's Regulatory Accounting Statements have been prepared, in all material aspects, in accordance with Condition F, the Regulatory Accounting Guidelines issued by the WSRA (RAG 1.09, RAG 2.09, RAG 3.15, RAG 4.13 and RAG 5.07) and the accounting policies (including the Company's published accounting methodology statement, as defined in RAG 3.15, appendix 2), set out on pages 95 and 96."

JACOBS' ASSURANCE OUTCOME

Cost Allocation

Requirements	Assurance undertaken
We are required to publish regulatory accounts that, among other things, set out financial information: • On the allocation of costs by price control and subsections of the value chain; • On non-appointed activity; and • On transactions between associated companies. In reporting on the above, we are required to comply with Ofwat's RAGs - in particular 'RAG 2 - Guideline for the classification of costs across the price controls' and 'RAG 5 - Guideline for transfer pricing'. Our Licence also places an obligation on us to ensure that every transaction between the appointee and any associated company is at arm's length, so that neither gives to nor receives from the other any cross subsidy (Condition F). This also applies to the appointed and non-appointed activity within the appointee. Ofwat expects transactions between Severn Trent Water and Hafren Dyfrdwy to be at arm's length.	We asked Jacobs to review a sample of our cost allocation processes. We selected the sample based on the associated risk. The Jacobs scope covered: • the allocation of costs by price control and subsections of the value chain; • non-appointed activity; and • transactions between companies. Consistent with previous work in this area, Jacobs reviewed the documentation and processes with a focus on the consistency of the allocation approach with the RAGs. To that end, Jacobs sought to understand: • the areas/activities that were being provided; • the costs associated with that activity which, for the PDTs we reviewed, were operating costs; • how those costs are recharged, allocated and why; and • how our approach is compliant with the RAGs.

Assurance outcome

Jacobs concluded in relation to the items they reviewed: "We consider:

- the company has a full understanding of, and meets all of its relevant statutory, Licence and regulatory obligations in all material respects;
- the company has sufficient processes and internal systems of control to fully meet its requirements; and
- the company takes appropriate steps to undertake transactions entered into by the appointed business, with or for the benefit of associated companies or other businesses or activities of the appointed business, at arm's length."

Full-Year Performance Commitments

Requirements	Assurance undertaken
Jacobs reviewed the performance commitments set out in our Final Determination and the processes that were used to produce the figures for our performance commitments.	Jacobs scope of assurance work included reviewing the following: • the processes used to ensure they are robust, enabling risks to be identified, managed and reviewed; • assumptions made as part of the process are appropriate; • checking alignment to final determination definitions (including additional reporting requirements / reporting guidance / RAG guidance); • checking that the methodology for applying exclusions is in line with reporting guidance; • ensuring data is appropriately sourced, processed and reported in line with the relevant guidelines/reporting requirements; • undertaking proportionate sample checks; and • reviewing coverage and outputs of checks and controls.

Assurance outcome

Jacobs concluded in relation to the items they reviewed: "We consider that:

- your processes and internal systems of control are sufficient to meet your regulatory obligations;
- your processes for reporting Performance Commitments are in line with the guidance and exclusions have been correctly applied; and
- you have appropriate systems and processes in place to identify, manage and review your risks."

Full-Year Non-Financial

Requirements	Assurance undertaken
We continue to develop and improve our reporting processes. Throughout the year we have been monitoring progress against our higher risk measures and, at year-end, Jacobs carried out assurance against the majority of the section 2-11 non-financial measures.	The Jacobs scope covered: • reviewing the processes used to ensure they are robust, enabling risks to be identified, managed and reviewed; • assumptions made as part of the process are appropriate; • checking alignment to final determinations definitions (including additional reporting requirements / reporting guidance / RAG guidance); • checking that the methodology for applying exclusions is in line with reporting guidance; • ensuring data is appropriately sourced, processed and reported in line with the relevant guidelines/reporting requirements; • undertaking proportionate sample checks; and • reviewing coverage and outputs of checks and controls.

Assurance outcome

Jacobs concluded in relation to the items they reviewed:

"We conclude that in relation to the items we reviewed, with the exception of the green recovery scheme 'Decarbonising Water Resources':

- you have an understanding of, and meet your relevant statutory, licence and regulatory obligations in all material respects;
- your processes and internal systems of control are sufficient to meet your regulatory obligations;
- your processes for reporting Performance Commitments are in line with the guidance and exclusions have been correctly applied; and
- you have appropriate systems and processes in place to identify, manage and review your risks."

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WONDERFUL ON TAP

SEVERN TRENT