

Chair's Introduction to Governance



Christine Hodgson
Chair

My governance highlights from 2024/25

- **Outstanding PR24 Business Plan** – the Board invested a significant amount of time overseeing the response to the Draft Determination on our PR24 Business Plan, rated as 'outstanding' by Ofwat, and considering it, and the Final Determination, in the context of the interests of Severn Trent Water's stakeholders.
- **AMP8 Dividend Policy** – having considered the impacts on all stakeholders, including the many retail shareholders who rely on dividend income in return for their investment, the Board was pleased to announce the Dividend Policy for AMP8 of annual growth in line with CPIH.
- **Succession planning** – the appointment of a new Independent Non-Executive Director, Nick Hampton, with effect from 4 April 2025, in readiness for Kevin Beeston's retirement from the Board.
- **Culture and colleague engagement** – instilling a high-performance culture is a continual focus for the Board, informed through a programme of site visits and dedicated activities, including scrutiny of our employee engagement survey results to satisfy ourselves that the Group's culture supports delivery of our AMP8 plans – read more on pages 98 to 99.
- **Net Zero Transition Plan ('NZTP')** – in line with the Company's commitment to mitigating and adapting to climate change, our NZTP has been revised to reflect the Final Determination outcome, and an advisory shareholder vote is being tabled at the 2025 Annual General Meeting ('AGM').

Dear Shareholder

I am delighted to introduce our Governance Report for 2024/25, on behalf of your Board and in accordance with the 2018 UK Corporate Governance Code (the '2018 Code'). This report outlines how we have ensured that best practice and effective corporate governance procedures are in place to support the creation of long-term value for the mutual benefit of all our stakeholders.

As highlighted in my Chair's Statement, on pages 8 to 9, this has been another exceptionally busy period for the Board, following developments in both the regulatory and listing environments, with the introduction of the Water (Special Measures) Act 2025 and our ongoing preparations for the 2024 UK Corporate Governance Code which applies to us from the current financial year, 2025/26.

My report, and the pages that follow, set out a summary of the important work that the Board, and its Committees, has conducted during the year in discharging its oversight over the Group's strategy, performance and supporting the long-term sustainable success of the Company, generating value for our shareholders, customers and employees, and contributing to wider society.

Your Board

As announced in March 2024, Gillian Sheldon stepped down from the Board on 14 May 2024, having served on the Board for almost three years, to focus on her Executive appointment. On behalf of the Board, I would like to thank Gillian for her invaluable contribution to the Board's work. We welcomed Richard Taylor to the Board on 1 April 2024, and he succeeded Gillian as Chair of the Treasury Committee. Richard introduces his first Treasury Committee Report on page 127.

Kevin Beeston retired from the Board on 30 April 2025, having served nine years. I would like to express our sincere thanks to Kevin for his invaluable contribution throughout his tenure on the Board, in particular as Senior Independent Director. Kevin's expertise, professionalism and unwavering commitment have been a tremendous asset to the Company. Over the past nine years, he has significantly helped to shape the direction and success of Severn Trent. We are immensely grateful for his service and wish Kevin all the very best.

Nick Hampton joined the Board as an Independent Non-Executive Director on 4 April 2025 and became Senior Independent Non-Executive Director on Kevin's retirement. Nick's induction is ongoing and he has already met many colleagues across a range of sites. You can read more on page 111.

PR24 Final Determination

Following a detailed review and consideration of a broad range of stakeholders, particularly customers, colleagues and investors, the Board was pleased to accept the Severn Trent Water Final Determination for the period 2025-30, as published on 19 December 2024.

I, along with my fellow Board members, am eager to see the results of the increased investment over the course of AMP8. This will allow us to deliver significant progress on customer service and the environment, all whilst maintaining the second lowest bill in England and supporting around one in six customers with their bills by 2030 through a £575 million affordability package. In addition, we make this investment with extensive regulatory mechanisms in place which offer protection to both customers and investors. You can read more on page 5.

Environmental performance

Another topic of significant Board, customer and wider stakeholder focus is environmental performance. This is an area where our long-term investment continues to deliver performance improvements. However, we are not at all complacent and this year has highlighted that, despite the performance improvements made in some areas, we know there is more we can do to improve. We have invested £1.7 billion in 2024/25, a 40% increase year on year, bringing our total investment in AMP7 to over £4.8 billion. It is pleasing to see this investment reflected in our Environmental Performance Assessment ('EPA') performance; we achieved EPA 4* for the fifth consecutive year last year, although we were disappointed with our overall pollution performance. Read more on page 18.

We are confident that we will achieve EPA 4* for a sixth consecutive year this year. We have also reduced the Severn Trent Water share of Reasons for Not Achieving Good Status ('RNAGS') to 10.8% as our Combined Sewer Overflow ('CSO') Improvement and Get River Positive programmes drive long-term improvement in river quality. Our Green Recovery programme has also now completed, resulting in numerous benefits to the environment in our region. You can read more on pages 22 to 27.

Chair's Introduction to Governance continued

Dividend

Whilst this report sets out the matters considered in relation to the Severn Trent Plc dividend (the 'Group dividend'), in response to increased stakeholder focus on regulated company dividends within the water sector, the Board applied particular focus to the proposed Group dividend during the year, in consideration of:

- our regulated company performance in the round and over time, particularly service delivery for customers and the environment;
- the Company's long-term investment needs; and
- financial resilience.

Detailed disclosures on the Severn Trent Water Limited dividend can be found within that company's Annual Report and Accounts and Annual Performance Report. A link to where these reports can be found when they are published on 15 July 2025 is provided below.

To provide transparency for our shareholders and wider stakeholders, we have summarised the process that the Board undertook to assess the Company's performance in the round and stakeholder impacts, ahead of determining whether a Group dividend should be paid. Further detail can be found in the schematic on the next page.

Following this assessment, in line with our formal Dividend Policy, the Board determined that the proposed Group dividend would not impact the financial health of the regulated company, nor its credit ratings. The Board also considered that the proposed Group dividend was supported by the regulated company performance in the round for customers and the environment, both now and over time. The Board is therefore proposing a final dividend of 73.03 pence per share, to be paid on 15 July 2025, taking the total Group dividend for the year to 121.71 pence per share.

Given that many small retail shareholders, and many pensioners, rely on our dividend payments, we are pleased to be able to sustain our dividend commitments for the next five years, with the Board approving the AMP8 Dividend Policy of annual growth in line with CPIH.

I had the pleasure of meeting shareholders again this year to discuss our performance. Our consistent results emphasise that we are well placed to uphold our high standards of service delivery for customers, and the environment, and provide a sustainable platform for investment and performance improvements in areas that are important to our stakeholders.

Stakeholders

The Water (Special Measures) Act received Royal Assent on 24 February 2025. A number of provisions came into force immediately, including those in relation to financial reporting and transparency outcomes. At the date of this report, the outputs from Ofwat's consultation related to performance-related executive pay is still awaited. The Board will consider carefully the outputs of the consultation, and associated guidance, when published. Similarly, the Board will also apply focus to the wider proposals outlined by Ofwat in its consultation on its rules on governance, including customers' involvement in decisions that are likely to have a material impact on them. In line with our established and robust governance approach, the Board remains fully committed to facilitating meaningful engagement to gain authentic insight from all of its stakeholders, particularly customers.

Our people

One of the most valued and enjoyable aspects for our Board is the opportunity to meet and spend time with colleagues across the Group. The conversations that take place inform our direct understanding of the sentiment of our workforce and their views on the Group's operations, risks, successes and challenges.

We each enjoy attending the Company Forum, our chosen workforce engagement mechanism, to hear directly from employees and members of the Trade Unions, but also to share the topics on the Board's agenda and answer any questions on these. During the year, we held another 'Meet Our Board' event, which was attended by

a variety of colleagues from across the Group. I would like to thank those who took the time to attend and share their experiences with us.

Alongside these direct interactions, everyone that works for and with us has the ability to report any concerns in strict confidence through our independent 'Speak Up' process. They can raise concerns through their line manager, Senior Management or HR Team, and through our confidential and independent whistleblowing helpline and online channel, 'Safecall'.

As set out on pages 98 to 99, these interactions assist the Board in assessing and monitoring the Group's culture, beyond the scores and feedback from our employee engagement surveys. The Board has concluded that our high-performance culture is embedded across the Group and we observe it being demonstrated consistently at all levels.

Looking forward

Despite only being a few months into AMP8, we have already made great strides in delivering our plans, particularly focusing on the investments that will provide improvements in the areas that our customers and wider stakeholders have told us are important to them.

I want to thank everyone involved in Severn Trent this year – our customers, communities, investors, regulators and suppliers, and a very special thank you to our colleagues, for their passion and hard work to ensure a strong end to AMP7 and the commitment to the next five years of providing a high-quality, essential public service.

Christine Hodgson
Chair



Scan the QR code to visit the Severn Trent Water Regulatory Library – the Severn Trent Water Annual Report and Accounts and Annual Performance Report will be available from 15 July 2025

Quick facts

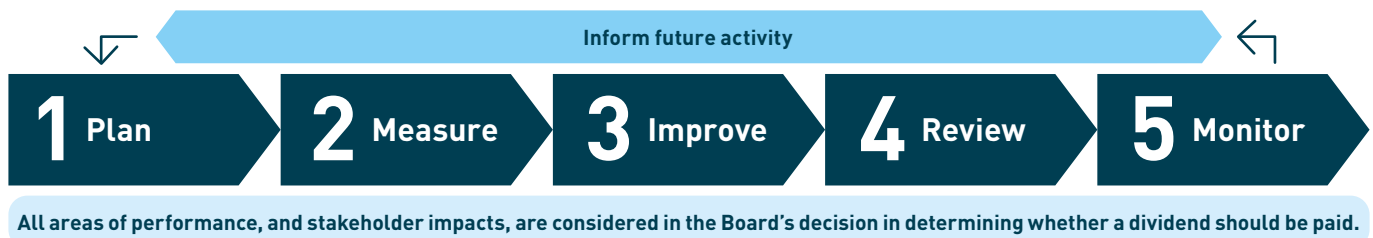
- Christine Hodgson was considered independent upon appointment to the Board on 1 January 2020.
- The Board considers that all Non-Executive Directors remain independent.
- The biographies of individual Directors are set out on pages 100 to 101 and include details of the skills and experience each brings to the Board to contribute to the Company's long-term sustainable success.
- All Directors are subject to election at the AGM which will be held on 10 July 2025. Following the completion of this year's performance review, the Board concluded that each Director standing for reappointment continues to contribute effectively. The Board recommends that shareholders vote in favour of those Directors standing for appointment or reappointment at the AGM, as they will be doing in respect of their individual shareholdings.
- The version of the Corporate Governance Code applicable to this Annual Report is the 2018 Code. This Annual Report explains how we have applied the principles of the 2018 Code and confirms our compliance with its provisions for the financial year ended 31 March 2025. Read more on page 103.

Performance in the Round

To provide transparency for our shareholders and wider stakeholders, the below schematic sets out a summary of the performance in the round process undertaken by the Board in relation to the Group dividend. This supports the Board in assessing all areas of the Company's performance and stakeholder impacts,

both now and over time, ahead of determining whether a Group dividend should be paid. Detailed disclosures on the Severn Trent Water Limited dividend can be found within that company's Annual Report and Accounts and Annual Performance Report, to be published on 15 July 2025.

Performance for customers	Performance for the environment	Interests of the Company's employees	Performance for the communities we serve
<p>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.</p> <p>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:</p> <ul style="list-style-type: none"> – Deep dive on the Company's C-MeX performance and improvement activity. Read more on page 92. – Deep dive on AMP8 deliverability. Read more on page 8. – Deep dive on the Company's Pollution Incident Reduction Plan. Read more on page 93. <p>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. Read more on pages 98 to 99 and 106 to 107.</p>	<ul style="list-style-type: none"> – Deep dive on CSOs. Read more on page 23. – Deep dive on the Company's EPA performance. Read more on page 18. 	<p>Robust assessment of the Company's commitment to its employees, supported by deep dives and consideration of impacts on employees as follows:</p> <ul style="list-style-type: none"> – 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. Read more on page 20. <p>In its assessment, the Board also considered the impact of the proposed Group 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.</p>	<p>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:</p> <ul style="list-style-type: none"> – Affordability. Read more on page 21. – Societal Strategy. Read more on page 21. – Health and Safety performance. Read more on page 20. <p>This reporting-based approach is supported by meetings with our communities and employees to enable direct interaction with the Board.</p> <p>In its assessment, the Board also considered the impact of the proposed Group dividend on retail shareholders, including c.40,000 individual retail shareholders (many of whom live in our region) and pension funds within our region.</p>
Financial performance and resilience	Legal and regulatory requirements	Interests of shareholders and debt investors, and the need to act fairly between members of the Company	Decision in determining whether a dividend should be paid
<p>Assessment and scrutiny of the proposed Group 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 Group dividend, and historic dividends paid, in the context of the Company's:</p> <ul style="list-style-type: none"> – 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. <p>The assessment also considered the impact of the proposed Group dividend on the strength of Severn Trent Water's covenant as the sponsor of its defined benefit pension schemes.</p>	<p>Consideration of legal requirements under the Companies Act 2006 and regulatory requirements in relation to the Group's regulated water companies. The Board's assessment sought confirmation that:</p> <ul style="list-style-type: none"> – The Company has sufficient distributable reserves to pay the proposed Group 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 Group's regulated companies are considered in those companies' Annual Performance Reports. 	<p>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:</p> <ul style="list-style-type: none"> – 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. 	<p>Following this assessment, in line with our formal Dividend Policy, the Board determined that the proposed Group dividend would not impact the financial health of the regulated company, nor its credit ratings.</p> <p>The Board also considered that the proposed Group dividend was supported by the regulated company performance in the round for customers, communities and the environment, both now and over time. The Board therefore proposes a final Group dividend of 73.03 pence per share, to be paid on 15 July 2025.</p> <p>73.03p final Group dividend</p>



Our Culture

Why is culture so important to the Board?

Culture drives effective thinking, behaviour and action, and supports a high-performance culture. It ensures that we always try to improve, learn from events and adopt best practice from around the world. This means we achieve the best possible outcomes for our customers and wider stakeholders. As such, it is crucial that we have the necessary culture in place to achieve the Company's purpose of taking care of one of life's essentials.

Severn Trent's culture, underpinned by our Code of Conduct, Doing the Right Thing, ensures that the Group's values are embodied by our people and teams when they make decisions and elect to take a certain course of action. This builds trust and fosters an environment of transparency, open communication and collaboration.

The Board recognises the need for the Group's culture to be inclusive, so that all colleagues are able to bring their whole selves to work, fulfil their potential and perform at their best in order that, as an organisation, we can deliver our strategy. Culture is also a key ingredient in attracting and retaining the talent we need in the workforce to deliver for our customers and other stakeholders, both now and in the future. It is also inextricably linked to our succession planning processes.

The Board and individual Directors must act with integrity and lead by example in order to promote 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.

Our values



➔ Read more about our values on pages 2 to 3.

How does the Board satisfy itself that our culture is aligned with our purpose, values and strategy, and is embedded throughout the Group?

The Board spends a significant amount of time engaged in activities that provide insight into Severn Trent's culture. Through this engagement with our people, the Board can observe how the culture is established throughout the Group, aligned across directorates and demonstrated by each and every colleague. More detail is provided below.

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.



“
Our Company Forum provides a brilliant, in-person opportunity for Board members to engage directly with employees on topics they are passionate about.
”

Sharmila Nebhrajani
Independent Non-Executive Director

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 provides Board members with a better understanding of day-to-day operations, the practical execution of strategy and the cultural context in which employees work. 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. Feedback from the Company Forum indicates the great value placed on the attendance of Board members.

Through attendance at the Company Forum, Directors can observe whether the Board's chosen workforce engagement mechanism remains effective. Directors provide feedback to the Board as a whole through reports tabled at subsequent Board meetings.

Read more in our Stakeholder Engagement section, including in relation to engagement undertaken with the workforce around Executive remuneration, from page 84.

Ask Our Board and Meet Our Board events

Following the success of our virtual 'Ask Our Board' events introduced to continue the direct dialogue between the Board and workforce during the COVID-19 pandemic, we moved to in-person 'Meet Our Board' events during 2023.

Our most recent 'Meet Our Board' event was held in January 2025, which was attended by colleagues from across the Group. The session built on employees' understanding of the Board's and individual Directors' roles at Severn Trent. Employees were also able to pose questions directly to Board members. Feedback from the event has been wholly positive, with both Board members and attendees reporting that the open and inclusive tone of the session provided an informal and trusting approach to engaging with each other.

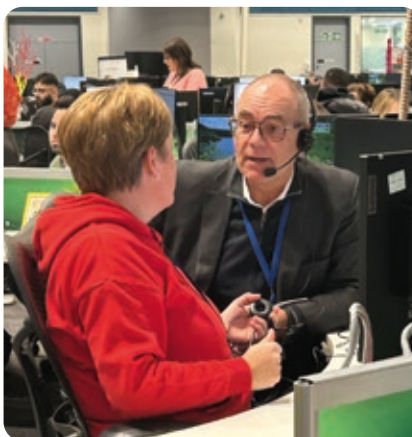


Site visits

Board members frequently undertake site visits to gain further insight into our culture and meet colleagues whilst observing the Group's operations in action. These site visits provide the opportunity to observe the commitment and dedication of our people, who work tirelessly to supply our essential services to customers and communities, whilst also increasing the Board's understanding of how the systems and processes we have in place support our workforce to deliver consistent operational performance.



Sarah Legg at Derwent Valley



Richard Taylor at Pride Park

What does the Board do to assess culture?

The Board holds the CEO and the Executive Committee to account for creating and fostering a positive culture, and therefore continually assesses that the necessary culture exists to deliver our strategic goals. This is facilitated through dedicated agenda updates at Board and Committee meetings, and Directors are able to draw on their experiences observed first hand as part of their discussions on culture.

Employee engagement survey

The Board reviews the results of the annual employee engagement survey. The Board receives data on how engaged our workforce is compared to our peers and how Severn Trent's values link to our purpose and affect colleague behaviours.

The Board places great importance on understanding the strengths and opportunities identified by colleagues, and actions arising from survey results are monitored through to completion. The Board also considers regular agenda topics structured around our people. Read more on pages 106 to 107.

Workforce policies and practices

The Remuneration Committee and Board review, at least annually, the wider workforce policies and practices to ensure they remain consistent with the Company's values and support its long-term sustainable success in light of its obligations under the 2018 Code. Read more about how we invest in and reward our people on pages 19 to 21 and in the Directors' Remuneration Report from page 131.

Colleague networks



Everyone is welcome and differences are celebrated at Severn Trent. Colleague networks support D&I activity to ensure our company reflects the customers and communities we serve.

Tom Delay
Independent Non-Executive Director

Board members attend meetings of the four colleague networks – LGBTQ+, Ethnicity and Cultural Heritage, Disability and Women's Network – to hear about the progress made against our diversity and inclusion ('D&I') plans across the business. Outputs from these sessions are used to shape future Board agenda topics and employee updates.

Leadership events



The energy, enthusiasm and commitment at our leadership events is striking, enabling us to make great Group connections in a very positive environment for collaboration.

Richard Taylor
Independent Non-Executive Director

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.

Employee voice and engagement

The Board receives feedback from the workforce on the various company-wide initiatives in place to enable two-way inclusive dialogue and facilitate open and effective communication. The Board uses this information to satisfy itself that these well-established communication and engagement mechanisms, including our chosen workforce engagement mechanism, the Company Forum, remain effective and well utilised, and cover the full breadth of the organisation. Read more on page 86.

Board of Directors

We have a strong, experienced Board, with a diverse range of professional backgrounds, skills and perspectives.

The collective experience of the Directors and the diverse skills and experience they possess enable the Board to reach decisions in a focused and balanced way, supported by independent thought and constructive debate, which is crucial to ensuring the continued long-term success of the Company. Integrity and mutual respect are the cornerstones of relationships between our Directors,

with a Board dynamic that supports open and honest conversations to ensure decisions are taken for the long-term success of Severn Trent in full consideration of the impact on all stakeholders.

Effective succession and contingency planning has enabled the smooth transition of recent Board appointments during the year, including the recruitment of a new Senior Independent Non-Executive Director, Nick Hampton, who joined the Board on 4 April 2025.



N C R

**Christine Hodgson CBE
BSc (Hons), FCA**

Chair

Appointed:

Independent Non-Executive Director on 1 January 2020, Chair on 1 April 2020.

Career and experience:

Until her appointment as Chair of the Severn Trent Board, Christine was the Executive Chair of Capgemini UK Plc. Christine joined Capgemini in 1997 and built her career in a variety of roles including CFO for Capgemini UK Plc and for the Global Outsourcing business, CEO of Technology Services North West Europe and the Global Head of Corporate Social Responsibility. Christine was previously Senior Independent Director and Chair of the Remuneration Committee at Standard Chartered Plc.

In January 2020, Christine was appointed Commander of the Order of the British Empire in the Queen's New Year Honours for services to education.

Skills and attributes which support our strategy and deliver long-term sustainable success:

Christine has extensive board and governance experience, as well as a deep understanding of business, finance, technology and leadership. She is a committed advocate of the need for companies to serve all of their stakeholders effectively and deliver their social purpose.

Christine is a Fellow of the Institute of Chartered Accountants in England and Wales.

Key external appointments:

- Chair of Newton Group Holdings Limited
- Non-Executive Director of Spencer Stuart



D E

**Liv Garfield CBE
BA (Hons)**

Chief Executive

Appointed:

Chief Executive on 11 April 2014.

Career and experience:

Before joining Severn Trent, Liv was Chief Executive Officer of Openreach, part of the BT Group, where she spearheaded and oversaw the commercial roll-out of fibre broadband to two-thirds of the country. She joined BT in 2002 and held the pivotal roles of Group Director of Strategy and Regulation, Managing Director Commercial and Brands, Global Services and UK Customer Services Director. From 1998 to 2002, Liv worked for Accenture as a consultant in the Communications and High-Tech Market Unit, designing and implementing business change solutions across a number of industry sectors. Liv is also Non-Executive Director of Water Plus, a joint venture with United Utilities serving business customers, and Water UK.

In October 2020, Liv was appointed Commander of the Order of the British Empire in the Queen's Birthday Honours for services to the water industry.

Skills and attributes which support our strategy and deliver long-term sustainable success:

Liv brings to the Board a wealth of experience managing customer service delivery and complex infrastructure and organisations in a regulated environment. She has vast knowledge of developing and implementing strategy, and is passionate about ensuring businesses operate sustainably.

Key external appointments:

- Non-Executive Director of Brookfield Asset Management Limited
- Chair of Two Circles Limited



D E

**Helen Miles
ACMA**

Chief Financial Officer

Appointed:

Chief Financial Officer Designate on 1 April 2023, Chief Financial Officer on 6 July 2023.

Career and experience:

Helen joined Severn Trent in November 2014 as the Chief Commercial Officer, and in 2020 became the Capital and Commercial Services Director, before being appointed as Chief Financial Officer Designate in April 2023 and formally taking on the role of Chief Financial Officer in July 2023.

Helen was previously Chief Financial Officer for Openreach, part of the BT Group. Prior to the BT Group, Helen worked in a variety of organisations including Bass Taverns, Barclays Bank and Compass Group.

Skills and attributes which support our strategy and deliver long-term sustainable success:

An experienced finance professional, Helen has delivered major business transformation and infrastructure projects within the Group and across a variety of sectors including telecoms, leisure and banking.

Helen brings a breadth of operational and commercial knowledge to the Board, having worked within a range of regulated businesses.

Helen has recent and relevant financial experience as a member of the Chartered Institute of Management Accountants.

Key external appointments:

- Non-Executive Director of Breedon Group Plc



C N

**Tom Delay CBE
BSc (Hons), MBA, CEng,
MIMechE**

Independent Non-Executive Director

Appointed:

Independent Non-Executive Director on 1 January 2022.

Career and experience:

Tom was Chief Executive of the Carbon Trust from 2001 until March 2024. During that time, he grew the company to become a world leader, advising businesses and governments on carbon emissions reduction and the development of low-carbon technologies, markets and businesses. More recently, he took the company's unique capabilities further afield, extending its mission to accelerate the move to a sustainable, low-carbon future.

A chartered engineer with extensive experience of the energy sector, Tom worked for Shell for 16 years in a variety of commercial and operational roles before moving into management consultancy with McKinsey and Company and then as a Principal with the Global Energy Practice of AT Kearney.

In 2018, Tom was appointed Commander of the Order of the British Empire by the Queen for services to sustainability in business.

Skills and attributes which support our strategy and deliver long-term sustainable success:

Tom brings extensive strategy, sustainability, energy and engineering experience to the Board.

Key external appointments:

- Non-Executive Director of Chapter Zero



A N R T

**Nick Hampton
MA (Hons)**

Senior Independent Non-Executive Director

Appointed:

Independent Non-Executive Director on 4 April 2025, Senior Independent Director on 1 May 2025.

Career and experience:

Nick was appointed Chief Executive of Tate & Lyle Plc in April 2018, having joined the company in September 2014 as Chief Financial Officer. Prior to joining Tate & Lyle, Nick held a number of senior roles over a 20-year career at PepsiCo, including Senior Vice President and Chief Financial Officer, Europe from 2008, and from 2013 as PepsiCo's President, West Europe Region and Senior Vice President Commercial, Europe.

Until April 2025, Nick was the Senior Independent Director of Great Portland Estates Plc, where he had served on the Board since October 2016.

Nick holds a Master's degree in Chemistry from St John's College, Oxford University.

Skills and attributes which support our strategy and deliver long-term sustainable success:

Having held a number of senior roles in large, multinational businesses, Nick brings to the Board extensive experience in general management, finance, investor relations, strategy and M&A, information systems and procurement.

Nick has recent and relevant financial experience from his previous roles as Chief Financial Officer at Tate & Lyle Plc and Chair of the Audit Committee at Great Portland Estates Plc.

Key external appointments:

- Chief Executive of Tate & Lyle Plc

Key

A Audit and Risk Committee

C Corporate Sustainability Committee

N Nominations Committee

R Remuneration Committee

T Treasury Committee

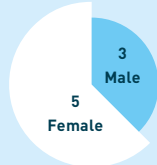
D Disclosure Committee

E Executive Committee

● Denotes Committee Chair

Board composition at a glance

Gender representation as at 20 May 2025



Minority ethnic representation as at 20 May 2025



Board independence as at 20 May 2025



Chair and Non-Executive Director tenure as at 20 May 2025

Christine Hodgson	5 years 4 months
Sharmila Nebhrajani	5 years
Tom Delay	3 years 4 months
Sarah Legg	2 years 6 months
Richard Taylor	1 year 1 month
Nick Hampton	1 month



A C N T

Sarah Legg MA, MSc, FCMA, FCT

Independent
Non-Executive Director

Appointed:
Independent Non-Executive
Director on 1 November 2022.

Career and experience:

Sarah has spent her entire career in financial services with HSBC in various finance leadership roles. She has been the Group Financial Controller, a Group General Manager, and also Chief Financial Officer for HSBC's Asia Pacific region.

Sarah previously spent eight years as a Non-Executive Director on the board of Hang Seng Bank Limited, a Hong Kong listed bank.

Skills and attributes which support our strategy and deliver long-term sustainable success:

Sarah brings to the Board wide-ranging corporate finance and significant audit and risk experience gained in the financial services sector.

Sarah has recent and relevant financial experience as a Fellow of both the Chartered Institute of Management Accountants and the Association of Corporate Treasurers.

Sarah is the Group's designated Non-Executive Director in respect of Cyber Security.

Key external appointments:

- Non-Executive Director of Lloyds Banking Group Plc
- Non-Executive Director of Man Group Plc



R C N

Sharmila Nebhrajani OBE MA (Hons), ACA

Independent
Non-Executive Director

Appointed:
Independent Non-Executive
Director on 1 May 2020.

Career and experience:

In her executive career, Sharmila spent 15 years at the BBC, latterly as Chief Operating Officer for BBC Future Media and Technology, and was previously Chief Executive at Wilton Park.

Previous Non-Executive roles include Deputy Chair of the Human Fertilisation and Embryology Authority and Chairman of the Human Tissue Authority, and she also has served on the board of the Pension Protection Fund.

Sharmila was appointed Officer of the Order of the British Empire in 2014 for services to medical research.

Skills and attributes which support our strategy and deliver long-term sustainable success:

Sharmila has vast board and governance experience, gained in a variety of roles spanning the private sector, public sector and NGOs. A chartered accountant, she brings insight from a wide range of regulated sectors, including medicine, bioethics, financial services and the media.

Key external appointments:

- Chairman of the National Institute for Health and Care Excellence
- Non-Executive Director of ITV Plc
- Non-Executive Director of Halma Plc
- Non-Executive Director of Coutts & Company



T A N R

Richard Taylor BSc (Hons), FCA

Independent
Non-Executive Director

Appointed:
Independent Non-Executive
Director on 1 April 2024.

Career and experience:

Richard is Managing Director and Chairman of Greenhill & Co International, an investment bank focused on providing financial advice globally on significant mergers and acquisitions, restructuring, financing and capital advisory to companies and other organisations.

Prior to joining Greenhill in 2020, Richard was Chairman of Global Corporate and Investment Banking at Barclays Plc, where he had been since 2011. Prior to joining Barclays, Richard spent nearly 11 years at Bank of America Merrill Lynch, where he was Head of UK and Ireland Corporate and Investment Banking.

Richard holds a degree in civil engineering and is a great advocate for organisations which demonstrate strong social purpose.

Skills and attributes which support our strategy and deliver long-term sustainable success:

Richard brings to the Board extensive strategy, corporate finance, risk management and M&A experience.

Richard has recent and relevant financial experience gained through his roles in the banking and finance sectors and as a Fellow of the Institute of Chartered Accountants in England and Wales.

Key external appointments:

- Managing Director and Chairman of Greenhill & Co. International LLP



Kevin Beeston FCMA

Senior Independent
Non-Executive Director

Appointed:
Independent Non-Executive
Director on 1 June 2016, Senior
Independent Non-Executive
Director on 20 July 2016.

Retired:

30 April 2025.

Career and experience:

Kevin spent 25 years at Serco Plc, where he held the roles of Finance Director, Chief Executive and finally Chairman until 2010.

Kevin was previously Chairman of Domestic & General Limited, Partnerships in Care Limited, Equiniti Group Plc and Elysium Limited and was also a Non-Executive Director of IMI Plc, Marston Corporate Limited and The Premier League. Until February 2020, Kevin was Chairman of Taylor Wimpey Plc, where he had been on the Board since 2010.

Skills and attributes which support our strategy and deliver long-term sustainable success:

Kevin has a wealth of commercial, financial and high-level management experience.

Kevin has recent and relevant financial experience as a Fellow of the Chartered Institute of Management Accountants.

Key external appointments:

- Senior Non-Executive Director of Turnstone Equityco 1 Limited (trading as Integrated Dental Holdings)



Hannah Woodall-Pagan BSc (Hons), FCG

Group Company
Secretary

Appointed:
2 December 2022.

Career and experience:

Hannah joined Severn Trent in October 2015 and became Group Company Secretary on 2 December 2022. She has extensive experience of operating in listed companies and regulated sectors, gained in a number of senior leadership roles spanning the FTSE100 and FTSE250 and is responsible for providing governance advice and guidance to the Board and Senior Management, as well as leading the Company Secretariat function. Hannah is a Chartered Company Secretary, being a Fellow of the Chartered Governance Institute, and she also attended INSEAD Business School.

Key external appointments:

- Trustee of University Hospitals Birmingham Charity

Director serving for part of the year



Gillian Sheldon BSc (Hons)

Gillian stepped down from the Board on 14 May 2024, having served as a Director since 1 November 2021.

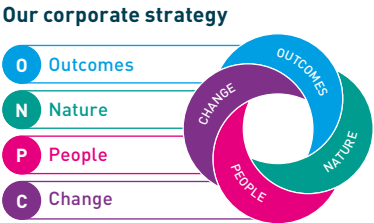
Board Skills

An effective Board requires the right mix of skills and experience, complemented by individual approaches and thinking styles reflective of Directors’ varied backgrounds. As demonstrated by their biographies on pages 100 to 101, our Board members together form a diverse and effective team focused on promoting the long-term sustainable success of the Group.

The skills matrix below 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 from their roles both within and outside Severn Trent.

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 experienced and knowledgeable Executive Committee.

Skills to support our strategy and deliver long-term sustainable success



	Skills – mapped to strategic outcomes																	
	<div><div>O</div><div>N</div><div>P</div><div>C</div></div>	<div><div>O</div><div>N</div><div>P</div><div>C</div></div>	<div><div>O</div><div>N</div><div>P</div><div>C</div></div>	<div><div>O</div><div>N</div><div>P</div><div>C</div></div>	<div><div>O</div><div>N</div><div>P</div><div>C</div></div>	<div><div>O</div><div>N</div><div>P</div><div>C</div></div>	<div><div>O</div><div>N</div><div>P</div><div>C</div></div>	<div><div>O</div><div>N</div><div>P</div><div>C</div></div>	<div><div>O</div><div>N</div><div>P</div><div>C</div></div>	<div><div>O</div><div>N</div><div>P</div><div>C</div></div>	<div><div>O</div><div>N</div><div>P</div><div>C</div></div>	<div><div>O</div><div>N</div><div>P</div><div>C</div></div>	<div><div>O</div><div>N</div><div>P</div><div>C</div></div>	<div><div>O</div><div>N</div><div>P</div><div>C</div></div>	<div><div>O</div><div>N</div><div>P</div><div>C</div></div>	<div><div>O</div><div>N</div><div>P</div><div>C</div></div>	<div><div>O</div><div>N</div><div>P</div><div>C</div></div>	<div><div>O</div><div>N</div><div>P</div><div>C</div></div>
	Strategy	Customer	Utility sector	M&A	Corporate finance/ Treasury	Accounting	Brands	Regulation	Technology/ Innovation/Cyber	Science and engineering	Sustainability, including climate change	Commercial procurement	Construction/ Infrastructure delivery	Large capital programmes	People management	Political affairs	Societal	24/7 operations
Tom Delay	✓	✓	✓				✓	✓	✓	✓	✓	✓			✓	✓	✓	
Liv Garfield	✓	✓	✓	✓			✓	✓			✓	✓	✓	✓	✓	✓	✓	✓
Nick Hampton	✓	✓	✓	✓	✓	✓	✓	✓		✓		✓			✓		✓	✓
Christine Hodgson	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓		✓	✓	✓	✓	✓
Sarah Legg	✓	✓		✓	✓	✓		✓	✓	✓	✓	✓		✓	✓		✓	
Helen Miles	✓	✓	✓	✓	✓	✓		✓				✓	✓	✓	✓		✓	✓
Sharmila Nebhrajani	✓					✓		✓	✓	✓	✓				✓	✓	✓	
Richard Taylor	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓		✓	

Executive Committee

As at 20 May 2025



Scan the QR code to see full biographies on the Severn Trent Plc website

Key

(D)

Disclosure Committee

(E)

Executive Committee



(D) (E)

Liv Garfield CBE
BA (Hons)

Chief Executive



(D) (E)

Helen Miles
ACMA

Chief Financial Officer



(D) (E)

Shane Anderson
BA (Hons) Econ

Director of Strategy
and Regulation



(E)

Jude Burditt
BA (Hons)

Director of Customer
Solutions

Compliance with the UK Corporate Governance Code 2018

The Group's long-term sustainable success is contingent on our commitment to exceptional corporate governance standards, and the Board continues to be guided in its approach through the application of the 2018 Code.

We believe good corporate governance is about effective oversight, including how we instil confidence in our stakeholders, both in how we perform and in how report on that performance. With this in mind, we welcomed the proposed enhancements to the UK Corporate Governance Code announced by the Financial Reporting Council ('FRC') in January 2024 – against which we will report our compliance in our 2026 Annual Report – and the Board is updated regularly on the Company's preparations to ensure the new requirements will be met. Through their work, the Board and Committees uphold the provisions

of the 2018 Code and, during the year ended 31 March 2025, we have fully applied the principles of good governance and have been compliant with the provisions of the 2018 Code, which is the version of the UK Corporate Governance Code applicable to the 2024/25 reporting period.

The Board remains dedicated to open and transparent reporting, and this page sets out where shareholders can evaluate how the Company has applied the principles of the 2018 Code and where key content can be found in this Annual Report.

The full wording of the 2018 Code is available on the FRC's website.

Board leadership and company purpose



Board site visit to Stoke Orchard Wastewater Treatment Works, April 2025

The role of the Board is set out in the Governance Report from **page 95**.

The Chair's Introduction to Governance can be found on **pages 95 to 97**.

How the Board engages with stakeholders is detailed on **pages 84 to 90**.

The Board's Section 172 Statement is included on **pages 91 to 93**.

An overview of our purpose and values, including how these were established, is set out on **pages 2 to 3**.

How the Board oversees the Company's strategy is detailed on **pages 106 to 107**.

A list of our Group policies and practices can be found on **page 94**.

How we assess risk and our Viability Statement is set out on **pages 79 to 83**.

Our strategy, including performance against our ODIs and KPIs, can be found on **pages 2 to 3 and 12 to 13**.

Division of responsibilities

The Governance Framework set out on **page 104** provides an overview of the Board Committees in place at Severn Trent. Further details of each Committee are provided in the respective Committee reports and a table setting out attendance at meetings during the year can be found on **page 105**.

The division of responsibilities between the Chair and CEO is clearly defined on **page 105** and set out in writing within our Charter of Expectations. We fully support the separation of these two roles.

Composition, succession and evaluation

Details about the composition of the Board, along with individual Board members' biographies and tenure, are on **pages 100 to 101**.

The outputs of this year's internal Board Performance Review are set out on **pages 112 to 113**.

The Nominations Committee Report is on **pages 114 to 118** and provides information on the Committee's work this year, including Board succession planning.

Audit, risk and internal control

Our approach to risk and our assessment of our Principal Risks are outlined on **pages 73 to 78**.

Our climate and nature-related financial disclosures are set out on **pages 29 to 43**.

The Audit and Risk Committee Report, set out on **pages 119 to 126**, provides details of the Committee's review of our risk and control environment, our fair, balanced and understandable process, and its responsibilities relating to Internal and External Audit.

Remuneration

The Remuneration Committee, comprising only Non-Executive Directors, is responsible for developing the Remuneration Policy and determining Executive and Senior Management remuneration. The Directors' Remuneration Report can be found on **pages 131 to 154**.



(E)

Steph Cawley
BA (Hons), MSc

Director of Customer Operations



(D) (E)

Didar Dhillon
BA (Hons), GLDP

Group General Counsel



(E)

James Jesic
BSc (Hons), PhD,
MChemE, CEng

Director of Capital and Commercial Services



(E)

Neil Morrison
BSc (Hons), FCIPD,
FRSA

Director of Human Resources



(E)

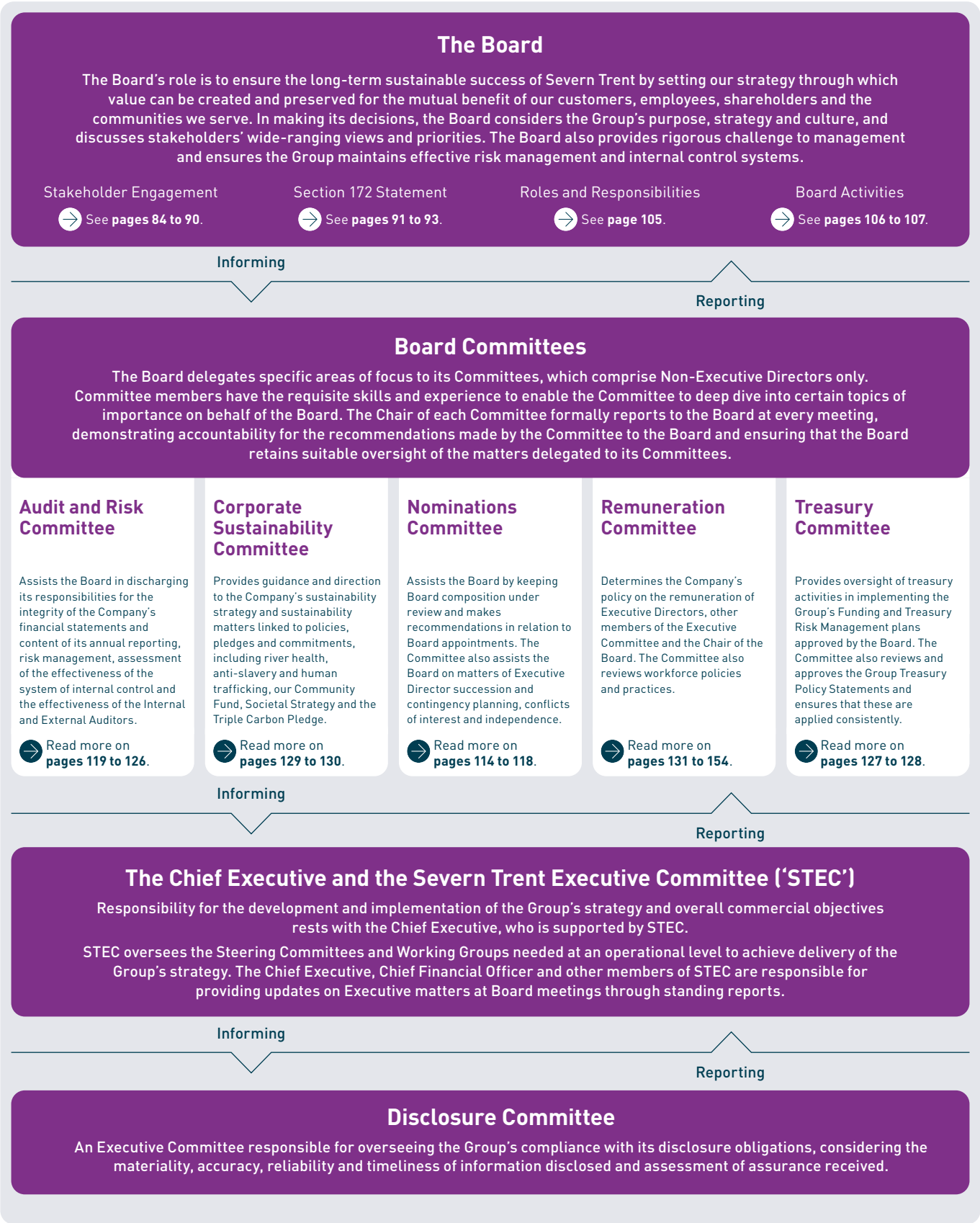
Bob Stear
MEng (Hons), PhD,
MCIWEM, CWEM,
FIWater

Chief Engineer

Governance Framework

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 Board-led Governance Framework ensures that the Board remains effective in both making decisions and maintaining oversight by mapping where accountability sits in line with the Board’s delegated authorities, whilst also adhering to our well-established culture of Doing the Right Thing.



Division of Responsibilities

As at the date of this report, our Board comprised the Chair, five Independent Non-Executive Directors and two Executive Directors. There are clear divisions between Executive and Non-Executive responsibilities, which ensure accountability and oversight.

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. The Chair and the other Non-Executive Directors meet routinely without the Executive Directors, and individual Directors meet outside formal Board meetings in order to gain first-hand experience of our operations and engage with our workforce. The Executive Directors meet

weekly as part of the Executive Committee to attend to the ongoing management of the Group. Any significant operational and market matters are communicated to the Non-Executive Directors on a timely basis outside of Board meetings. The Board is supported by the Group Company Secretary, to whom all Directors have access for advice and corporate governance services.

Non-Executive Directors

Chair Christine Hodgson

- Leads our unified Board and is responsible for its effectiveness and governance.
- Fosters a culture of inclusivity and transparency by demonstrating the Company's values, establishing the right 'tone from the top'.
- Guides the Board in shaping long-term strategy, ensuring alignment with the Company's purpose.
- Sets agendas and ensures timely dissemination of information to the Board, to support sound decision making and allow for constructive discussion, challenge and debate, in consultation with the CEO, CFO and Group Company Secretary.
- Responsible for scrutinising the performance of the Executive Committee and overseeing the annual Board Performance Review process, including identifying required actions.
- Facilitates contribution from all Directors and ensures that effective relationships exist between them.
- Ensures that the views of all stakeholders are understood and considered appropriately in Board discussion and decision making.
- Responsible for the composition and evolution of the Board, together with the Nominations Committee and SID.

Senior Independent Non-Executive Director ('SID') Nick Hampton

- In addition to their responsibilities as a Non-Executive Director, the SID also carries out the following duties:
- Supports the Chair in the delivery of their objectives.
 - Acts as an alternative contact for shareholders should they have a concern that is unresolved by the Chair, CEO or CFO.
 - Leads the appraisal of the Chair's performance with the Non-Executive Directors.
 - Undertakes a key role in succession planning for the Board, together with the Board Committees, Chair and Non-Executive Directors.

Independent Non-Executive Directors Tom Delay, Sarah Legg, Sharmila Nebhrajani, Richard Taylor

- Promote high standards of integrity and corporate governance.
- Uphold the cultural tone of the Company and monitor actions to support diversity and inclusion.
- Constructively challenge and assist in the development of long-term strategy by providing independent insight and support based on relevant experience.
- Monitor the delivery of strategy by the Executive Committee and measure the performance of management within the risk and control framework set by the Board.
- Satisfy themselves that internal controls are robust and that the External Audit is undertaken properly.
- Engage with internal and external stakeholders and feed back insights to the Board, including in relation to employees and the culture of the Company.
- Have a key role in succession planning for the Board, together with the Board Committees, Chair and SID.
- Serve on and chair various Committees of the Board.

Executive Directors

Chief Executive ('CEO') Liv Garfield

- Represents Severn Trent externally to all stakeholders, including the Government, regulators, customers, suppliers and the communities we serve.
- Sets the cultural tone of the organisation and ensures that the Group operates in a way that is consistent with its purpose and values.
- Facilitates a strong link between the business and the Board to support effective communication.
- Develops and implements the Group's long-term strategy, as approved by the Board, through leadership of the Executive Committee.
- Responsible for overall delivery of all strategic objectives, ensuring that decisions made and actions taken support the Group's long-term sustainable purpose.
- Promotes and conducts Group affairs with the highest standards of integrity, probity and corporate governance, in line with our strategic framework and values. The CEO's Review can be found on pages 10 to 11.

Chief Financial Officer ('CFO') Helen Miles

- Manages the Group's financial affairs and proposes policies to support sound financial decision making. The CFO's Review can be found on pages 61 to 67.
- Supports the CEO in the implementation and achievement of the Group's strategic objectives.
- Oversees Severn Trent's relationships with the investment community.
- Represents Severn Trent externally to all stakeholders, including the Government, regulators, customers, Pension Trustees for the Company's defined benefit pension schemes, lenders, suppliers and the communities we serve.

Group Company Secretary

Hannah Woodall-Pagan

- Ensures sound information flows to the Board in order for the Board to function effectively and efficiently, in support of balanced decision making.
- Advises and keeps the Board updated on Listing and Transparency Rule requirements and on best-practice corporate governance developments.
- Facilitates a comprehensive induction for newly appointed Directors, tailored to their individual requirements, and oversees the Board's professional development programme.
- Ensures compliance with Board procedures and provides support to the Chair.
- Co-ordinates the annual performance review of the Board in conjunction with the Chair.
- Facilitates the Board's ongoing engagement with employees.
- Provides advice and services to the Board.

Group General Counsel

Didar Dhillon

- Ensures monthly reporting to the Board on regulatory and legal risks, including potential claims and/or prosecutions to ensure that the Board is fully sighted on such matters and the resulting risks.

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.

- Kevin Beeston did not attend the meetings where the Nominations Committee was considering his successor.
- 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.
- Gillian Sheldon retired from the Board on 14 May 2024.

Board Activities

These pages offer an overview of the various matters discussed by the Board at its meetings, along with a timeline of key events that occurred throughout the year. Whilst not intended to present an exhaustive list of every item considered by the Board during the year, this information provides valuable insight into the nature and substance of the discussions that take place in the boardroom and highlights how activities remain focused on delivering our strategy. Read more about our strategy on page 3.

The Board is committed to maintaining a comprehensive schedule of meetings and a forward agenda to ensure its time is used most effectively and efficiently, and it is supported by the Group Company Secretary to facilitate this. 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. Board meeting discussions are structured using a carefully tailored agenda that is agreed in advance by the Chair, in conjunction with the CEO and Group Company Secretary.

A typical Board meeting will comprise the following elements:

- Written reports from the Chairs of our 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.
- Performance reports, including: CEO Overview; CFO Report; and Operational Performance Reports, with a particular focus on customer delivery and the environment.
- Deep dive reports into areas of particular strategic importance, opportunities and risks, to evaluate progress, provide insight and, where necessary, decide on appropriate action.
- Legal and governance updates, including: approval of arrangements for delegated financial authority across the Group; review of adequacy of whistleblowing procedures; and approval of the Anti-Slavery and Human Trafficking Statement.

Details on some of the key topics considered during 2024/25 can be found in our Section 172 Statement on pages 91 to 93.

Time is set aside at the end of every Board meeting for the Chair to hold a private meeting with Non-Executive Directors, where it is considered appropriate, 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 Group Company Secretary, or with members of the Executive Committee. This time is usefully spent enabling Board members to build rapport with each other and relationships on a personal level, share external views and consider issues impacting the Company, resulting in better Board dynamics and decision making.

Performance and standing items



The Board oversees and challenges management on company performance.

Standing items considered at Board meetings: CEO Overview, CFO Report, Environmental Compliance and Operational Performance reports, reports from Board Committees, report from the Company Forum, Legal and Governance updates.

Site visits



The Board engages with the workforce, whilst also deepening its understanding and knowledge of our operations. Board site visits during 2024/25 are outlined in the timeline below.

Stakeholder engagement



The following stakeholders attended Board sessions during the year: Chair of Ofwat, Chair of Water UK, Chief Inspector of the Drinking Water Inspectorate ('DWI'), CEO of the Environment Agency ('EA'), CEO of Ofwat, and the Senior Director of Sector Performance at Ofwat.

➤ Read more about how the Board engages with its stakeholders on pages 84 to 90.

Key

- B Board
- A Audit and Risk Committee
- C Corporate Sustainability Committee
- N Nominations Committee
- R Remuneration Committee
- T Treasury Committee
- AGM Annual General Meeting

April 2024

- B R

Key Board events
Richard Taylor joins the Board
Christine Hodgson and Liv Garfield site visit with the EA Chair, Alan Lovell, to Witches Oak WTW and Strongford Net Zero Hub
Board site visit to Green Power and insourced waste networks teams
EA Chair and Ofwat Chair attend Board meeting

Key employee engagement events
Tom Delay attends Ethnicity and Cultural Heritage colleague network

July 2024

- B A N R AGM

Key market announcements
PR24 Business Plan rated outstanding and investor presentation held
AGM results
FY 2024/25 Q1 trading update
Wastewater treatment information request
EPA 4* announcement for fifth consecutive year



➤ Sarah Legg at Pride Park

May 2024

- B A C N R T

Key Board events
Ofwat CEO attends Board meeting

Key market announcements
FY 2023/24 full year results

June 2024

- R

Key employee engagement events
Sharmila Nebhrajani and Christine Hodgson attend the Company Forum

Key market announcements
Publication of 2024 Annual Report and Notice of AGM

August 2024

- B A C N T

Key Board events
Christine Hodgson and Richard Taylor attend Leadership event
EA Chair attends Board meeting

Key employee engagement events
Richard Taylor and Liv Garfield attend the Company Forum

Internal controls, risk management and governance



The Board sets the approach to risk management and oversees that we have an effective system of internal controls in place, whilst promoting responsible leadership and adherence to our Governance Framework.

Topics considered by the Board during the year include: Enterprise Risk Management ('ERM'), Cyber, Sites of Special Scientific Interest ('SSSIs'), Reservoir Safety, Technology, Innovation and AI, Corporate Structure, Health, Safety and Wellbeing and Insurance. The Board also undertook its annual review of our Code of Conduct, Doing the Right Thing, and the effectiveness of the Group's whistleblowing procedures and approved the Anti-Slavery and Human Trafficking Statement, our AMP8 governance arrangements and the Group Authorisation Arrangements. With regard to the Governance Framework, the Board considered its objectives, both in relation to progress against the 2024/25 objectives it had set and in shaping its 2025/26 objectives, and the outcome of the Board Performance Review, and reviewed the Matters Reserved to the Board, Charter of Expectations and Committee Terms of Reference.

➤ Read more about the effectiveness of our internal controls and risk management processes on **page 122**.

Strategic, regulatory and environmental



The Board sets our strategy through which value can be created for our stakeholders, including our regulators.

Topics considered by the Board during the year include: Environmental performance updates at every meeting, CSOs and Spills, Customer Vulnerability, Performance in the Round, Strategic Resource Options, Innovation, AI and Strategic Growth Opportunities for the Future. The Board approved the following matters during the year: Acceptance of the PR24 Final Determination and the Severn Trent Water Scheme of Charges for 2025/26.

Key: Strategic objectives



Financial



The Board monitors financial performance and sets parameters for financial management and strategy within the Group.

Topics considered by the Board during the year include: Viability Statement and Going Concern, Interim and Final Dividends and consideration of the regulated company's Performance in the Round, Group Budget, Investor Relations Strategy, Annual Report and Accounts, Pension Schemes, Tax, Treasury Policy, AMP8 Dividend Policy, and the Annual Funding and Treasury Risk Management Plan.

➤ Read more in the CFO's Review on **pages 61 to 67**. Our Performance in the Round disclosures can be found on **pages 97 and 136**.

Board Strategy Day

Each year, the Board holds a dedicated Strategy Day to consider the strategic direction of the Company for the short, medium and long term. This year's Strategy Day, hosted at SUEZ's main research and development centre CIRSEE in Paris, focused on innovative technologies, including:

- physiochemical treatment for drinking water production;
- water chemistry and materials for distribution networks;
- ultrafiltration, nanofiltration and reverse osmosis membranes; and
- digital solutions designed to optimise the management of urban drainage systems in response to challenges such as urbanisation, climate change and increased rainfall intensity.



Board Strategy Day, CIRSEE

October 2024

B

Key Board events
Board Strategy Day

December 2024

Key employee engagement events

Tom Delay attends the Company Forum
Christine Hodgson attends Senior Leadership event

Key market announcements
PR24 Final Determination published

February 2025

Key Board events

Christine Hodgson site visit with Ofwat Chair, Iain Coucher, to see CSO spill reduction engineering solutions

Key market announcements
Nick Hampton appointment as Independent Non-Executive Director from 4 April 2025

March 2025

B A C N T R

Key Board events

Christine Hodgson and Richard Taylor attend Capital Markets Day

Tom Delay site visit to Frankley WTW

EA CEO attends Board meeting

Key employee engagement events

Sarah Legg attends the Company Forum
Christine Hodgson attends Ethnicity and Cultural Heritage colleague network

Key market announcements

Severn Trent Capital Markets Day

November 2024

B A N T R

Key Board events

Sarah Legg site visit to Bamford WTW and Derwent Valley Reservoirs

Sarah Legg, Tom Delay and Christine Hodgson visit a wastewater site and Pride Park Water UK Chair and the DWI Chief Inspector attend Board meeting

Key market announcements
FY 2024/25 interim results

January 2025

B A C N T R

Key Board events

Richard Taylor and Kevin Beeston visit to Waste Operational Control Centre

Christine Hodgson attends Governance Roadshows

Key employee engagement events

Christine Hodgson attends LGBTQ+ colleague network
Meet our Board lunch

Key market announcements

AMP8 Dividend Policy and Final Determination acceptance
FY 2024/25 Q3 trading update



Tom Delay at Frankley WTW

Board Leadership and Company Purpose

The Board's role is to be effective in securing the long-term success of Severn Trent by ensuring the delivery of our strategy and that its overarching objectives remain aligned with the Company's purpose and values. Maintaining the highest standards of governance is integral to this, together with ensuring that the Board takes decisions that create sustainable long-term value for the mutual benefit of our shareholders, customers, employees and the communities we serve.

An effective Board

The operation of our Board is supported by the collective experience of the Directors and the diverse skills and experience they possess. This enables the Board to reach decisions in a focused and balanced way, supported by independent thought and constructive debate between the Directors. Trust and mutual respect are the cornerstones of relationships between our Directors, with a Board dynamic that supports open and honest conversations to ensure decisions are taken for the long-term success of Severn Trent in full consideration of the impact upon all stakeholders.

As outlined on page 105, there is a clear division of responsibilities between the roles of Chair and Chief Executive. To allow these responsibilities to be discharged effectively, the Chair and Chief Executive maintain regular dialogue outside the boardroom, to ensure an effective flow of information.

In order to build relationships, the Non-Executive Directors have direct and unfettered access to Senior Management at all times. Informal as well as formal contact with the wider business is encouraged to develop a deeper understanding of Severn Trent's operations and broaden the Non-Executive Directors' sources of information. This engagement provides Non-Executive Directors with the context to challenge management effectively and assists with their consideration of the wider impact of any Board decisions on stakeholders more broadly. The performance of the Board is reviewed at least annually and conducted according to the guidance set out in the 2018 Code and the FRC's Guidance on Board Effectiveness. You can read more about this year's internally facilitated Board Performance Review on pages 112 to 113.

Board independence

The independence of the Board is a matter of utmost importance given the vital role Non-Executive Directors play in scrutinising the performance of management and holding individual Executive Directors to account against agreed performance objectives. The Chair regularly holds meetings with Non-Executive Directors without the Executive Directors or any management present, and Non-Executive Directors can obtain independent professional advice, at the Company's expense, in the performance of their duties. All Directors have access to the advice and services of the Group Company Secretary, whose appointment and removal are matters reserved for the Board.

The independence of our Non-Executive Directors is formally reviewed by the Nominations Committee on an annual basis, and as part of the Board Performance Review. Particular focus is applied to Directors who have served over six years on the Board, to ensure that these Directors continue to demonstrate independent character, judgment and objectivity. This is assessed by considering a number of factors including, but not limited to, the Director's:

- ability and willingness to make objective decisions and hold management to account;
- demonstration of independence through participation at meetings with management and interactions with stakeholders;
- arm's-length approach to dealing with Executive Directors and continued challenge of management where appropriate; and
- external directorship appointments and whether these conflict, or have the potential to cause a conflict, with the Company.

The 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. Read more in the Nominations Committee Report on pages 114 to 118.

All of the Non-Executive Directors who served during 2024/25 were considered by the Board to be independent for the purposes of the 2018 Code and the Chair was considered to be independent upon her appointment.

In accordance with the 2018 Code, all Directors will retire at this year's AGM and submit themselves for reappointment or, in the case of Nick Hampton, for appointment by shareholders. Each of the Non-Executive Directors seeking appointment or reappointment is considered to be independent in judgment and character.

Conflicts of interest

Severn Trent Plc has a Conflicts of Interest Policy in place for all Group companies. Our Board and its Committees consider potential conflicts at the outset of every meeting and the Board formally reviews the authorisation of any potential conflicts of interest every six months, with any conflicts being recorded in the Conflicts of Interest Register. The Conflicts of Interest Register sets out any actual or potential conflict of interest situations which a Director has disclosed to the Board in line with their statutory duties and the practical steps that are to be taken to avoid conflict situations. When reviewing conflict authorisations, the Board considers any other appointments held by the Director as well as the findings of the Board Performance Review.

Board members hold external directorships and other outside business interests and we recognise the significant benefits that greater boardroom exposure provides for our Directors. However, we closely monitor the nature and number of external directorships our Directors hold in order to satisfy ourselves that any additional appointments will not adversely impact the time commitment to their role at Severn Trent, and to ensure that all of our Board members remain compliant with applicable shareholder advisory groups' individual guidance on 'overboarding'. These requirements specify a limit on the number of directorships both Executive and Non-Executive Directors are permitted to hold and the resultant position is believed to be consistent with the current guidelines on overboarding, with no Directors exceeding these guidelines, as outlined in the AGM Notice of Meeting. Our Non-Executive Directors commit sufficient time to discharging their responsibilities as Directors of Severn Trent in line with the requirements set out in our Charter of Expectations. Details of the Directors' external directorships can be found in their biographies on pages 100 to 101.

Directors are required to obtain formal approval from the Board ahead of undertaking any new external appointments and before accepting an



Board site visit to Stoke Orchard Wastewater Treatment Works, April 2025

additional role, Directors must: declare the existence of any potential or actual conflicts; confirm that the role will not breach the Company's overboarding limit; and provide the necessary assurance that the appointment will not adversely impact their ability to continue to fulfil their role as a Director. In each case before granting its consent, the Board considers carefully whether there would be any impact on the time commitment required for each Director, or on the independence and objectivity required to discharge the agreed responsibilities of each role.

Approvals were sought from the Board during the year for Directors' additional roles and due consideration was given to any potential conflicts of interest and ability to devote sufficient time to the Company before consent was granted. In each case, the Board determined that there would be no impact on the time commitment required for each Director, nor on the independence and objectivity required to discharge the agreed responsibilities of each role. The resultant position is believed to be consistent with applicable shareholder advisory groups' guidelines on overboarding.

The Conflicts of Interest Policy continues to be applied practically throughout the year, such as considering the potential conflict presented by Directors having roles on the boards of other Group companies.

Schedule of Matters Reserved to the Board

To ensure the Board maintains oversight of the areas material to the delivery of the Group's strategy and purpose, the Board undertakes an annual review of the Matters Reserved to the Board. The latest review took place in March 2025 and the Board agreed that the Schedule contained areas appropriate to require Board involvement, including in relation to strategy, structure and capital, financial reporting, controls and communication with stakeholders. The Board also regularly reviews its skills matrix to determine whether any additional skills or development opportunities are needed in order for the Board to discharge its duties effectively. The Schedule of Matters Reserved to the Board is available on the Severn Trent Plc website.

Strategy

Appropriately evaluated strategic decisions are crucial to help us to deliver our strategy and achieve our purpose of 'taking care of one of life's essentials'. Responsibility to all of our stakeholders for the approval and delivery of the Group's strategy and for creating and overseeing the framework to support its delivery sits with the Board. During the year, the Board monitored the implementation of the Group's corporate strategy, which was introduced during 2022/23. As well as standing strategic items at every Board meeting, the Board also holds a dedicated Strategy Day with the Executive Committee to help consider the strategic direction of the Company for the short, medium and long term.

Responsibility for the development and implementation of the Group's strategy and overall commercial objectives rests with the Chief Executive who is supported by the Executive Committee.

The Directors present their report and the audited financial statements for the year ended 31 March 2025. The performance review of the Company can be found within the Strategic Report. This provides detailed information relating to the Group, its business model and strategy, the operation of its businesses, future developments, and the results and financial position for the year ended 31 March 2025.

Stakeholder engagement

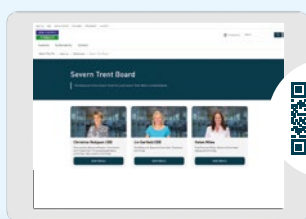
Stakeholder engagement is central to our strategy and, as such, a detailed disclosure setting out stakeholder engagement activity conducted during the year is included in our Strategic Report on pages 84 to 90. The Board ensures that the Company engages effectively with its stakeholders and encourages a two-way dialogue in order that the decisions made by the Board take into account the views of, and potential impacts on, stakeholders. Our dedicated Section 172 Statement on pages 91 to 93 sets out how the Board has considered and contemplated the interests of stakeholders. An overview of the Board's engagement with our workforce is set out on page 86.

Annual General Meeting ('AGM')

Our 2024 AGM was held on 11 July 2024, at which 81.98% of our shareholders (by voting capital) voted either in person, through the Chair of the AGM as their proxy, or by submitting their proxy forms electronically or by post. We were delighted to receive in excess of 94% votes in favour for all of our resolutions, including in relation to the Directors' Remuneration Policy. Shareholders were invited to submit questions to a dedicated AGM mailbox in advance of the AGM and shareholders could also raise questions during the AGM. No questions were posed to the Board in advance of the AGM, but one question was asked and responded to during the AGM.

This year's AGM is to be held on Thursday, 10 July 2025, at 10.00am and will be convened as a physical-only meeting. Shareholders are encouraged to attend in person in order to pose their questions to the Board and take the opportunity to engage with individual Board members directly, although shareholders are also able to submit questions in writing through our website in advance of the AGM. The AGM will be held at the Severn Trent Academy, Hawksley Park, St Martins Road, Finham, Coventry, CV3 6PR.

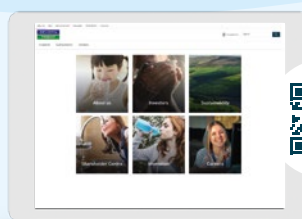
Full details of the resolutions being tabled for shareholder approval can be found in the Notice of Meeting on the Severn Trent Plc website.



Scan for more information

Board governance

The requirements of the Board are clearly documented in the Severn Trent Plc Articles of Association, Charter of Expectations and Schedule of Matters Reserved to the Board. All of these documents are available on the Severn Trent Plc website, along with Terms of Reference for each of the Board Committees, the biographies of individual Board members and their letters of appointment.



Scan for more information

Corporate website

We continually monitor our website, severntrent.com, to ensure it is accessible for our stakeholders. The website has a dedicated Investors section, which includes an overview of Severn Trent Plc, our history, company details, results and reports, along with an investor news section containing information which may be of interest to our shareholders.



Scan for more information

Annual Report

Our Annual Report is available to all shareholders, who can opt to receive a hard copy in the post or a PDF copy via email, or download a copy from our website. We aim to make the document as accessible as possible and welcome feedback on all of our reports. Scan the QR code above to access electronic copies of our Annual Reports, past and present, via our website.

Composition and Succession

As at the date of this report, our Board comprised the Chair (who was independent on appointment), five Independent Non-Executive Directors and two Executive Directors. The details of their career backgrounds, relevant skills, Committee membership, tenure and external appointments can be found within their individual biographies on pages 100 to 101. Further detail on the role of the Chair and members of the Board can be found on page 105.



 Board site visit to Stoke Orchard Wastewater Treatment Works, April 2025

Board composition

The Chair, Senior Independent Director and Non-Executive Directors are each appointed for a three-year term, subject to annual re-election by shareholders following consideration of the annual Board Performance Review outputs. Directors serving over six years on the Board are subject to a particularly rigorous review. The current Letters of Appointment are available on the Severn Trent Plc website.

The composition and effectiveness of the Board are subject to regular review by the Nominations Committee which, in particular, considers the balance of skills, tenure, experience and independence of the Board, in accordance with the Board Diversity Policy, which is available on the Severn Trent Plc website.

Any new appointments to the Board result from a formal, rigorous and transparent procedure, responsibility for which is delegated to the Nominations Committee (although decisions on appointments are matters reserved for the Board).

The Board and the Nominations Committee have spent a significant amount of time considering Board composition 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. This activity was a key contributor in developing the specification for Board recruitment activity during the year.

Further information on the work of the Nominations Committee can be found on pages 114 to 118.

Directors' skills and experience

An effective Board requires the right mix of skills and experience and, as can be seen from the individual biographies on pages 100 to 101 and the Board skills matrix on page 102, our Board members contribute a diverse range of backgrounds, skill sets and experience that, combined together, produce an effective team, focused on promoting the long-term success of the Group.

The skills matrix is reviewed at least annually to ensure that the right balance of skills and experience is in place to enable the effective oversight of the Company and execution of our strategy.

Diversity

A diverse organisation benefits from differences in skills, regional and industry experience, background, ethnicity, gender, sexual orientation, religion, belief and age, as well as culture and personality. The Board is pleased that Severn Trent is recognised as a leader in this area and remains focused on promoting broader diversity and creating an inclusive culture across the organisation, including on the Board itself. More details about the Board Diversity Policy and how the Company has performed against its Board Diversity Targets in relation to membership of the Board and its Committees can be found in the Nominations Committee Report, on pages 117 to 118.

Development, training and resources

The environment in which we operate is continually changing. It is therefore important that our Executive and Non-Executive Directors remain aware of recent, and upcoming, developments and keep their knowledge and skills up to date, so the composition of the Board continues to operate effectively and support delivery of our long-term strategy.

The Board as a whole, and Board members individually, regularly discuss training topics with the Group Company Secretary and, as required, we invite professional advisers and subject matter experts to provide in-depth updates. These updates are not solely reserved for legislative developments but aim to cover a range of strategic and operational matters including, but not limited to, environmental deep dives, the economic and political environment, sustainability, technology and innovation. These 'teach-ins' and Continuous Professional Development ('CPD') sessions on complex topics increase the Board's fluency in all areas of the Group and provide an opportunity for the Board to gain further direct insight into our business and management capability. Our Group Company Secretary also provides regular updates to the Board and its Committees on regulatory and corporate governance matters.

During the year, the Board took part in a number of training and deep dive sessions, including in relation to PR24 and deliverability, environmental performance, customer affordability and vulnerability, exceptional weather preparedness, innovation, AI and diversity and inclusion.

Directors also have access to our online resource library, which is continually reviewed and updated. The library includes a corporate governance manual, tailored training and development content, a results centre and Investor Relations section, and briefings on regulatory topics. It also contains a further reading section which covers updates and guidance on changes to legislation and corporate governance best practice.

Board succession

Along with ensuring an appropriate mix of skills and experiences on the Board as a whole for the effective oversight of the Company's strategy and operations, the composition of the Board is also informed by the need for orderly succession for Board and Committee roles.

The Nominations Committee and Board applied focus to this important area during the year. As announced on 4 February 2025, Kevin Beeston stepped down from the Board on 30 April 2025 having served his maximum term of office. In advance of this, the Committee commenced an orderly process to recruit a successor. Nick Hampton was appointed as an Independent Non-Executive Director of the Board from 4 April 2025 and assumed the role of Senior Independent Director on 1 May 2025 following Kevin's retirement. Further detail can be found in the Nominations Committee Report from page 114.

Induction

We develop 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 Group Company Secretary, along with other members of the Executive Committee and Senior Management Team. 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 the legal and regulatory framework applicable to the sector and have a chance to experience our unique culture first hand. We provide briefings on the key duties of being a Director of a regulated water company, and proposed appointees meet with Ofwat ahead of their formal appointment. Nick Hampton met with Ofwat during the year, ahead of his appointment to the Board.

We review the format of our induction arrangements regularly, taking into account feedback from new Directors and the Board Performance Review. One recent enhancement involves arranging induction days around a set theme, for example, our wastewater treatment processes, to provide a holistic view of our operations and how different areas link together. An open invitation is also extended to all members of the Board to attend these sessions and induction materials are made available for all Board members in a dedicated induction manual.

Understanding through

Introductory meetings

Sessions held in the first few days and weeks to ensure that new Directors are able to gain a real understanding of our purpose and strategy, the regulatory regime and our core business activities.

Complemented with

Specific deep dive sessions

Deep dive sessions enable Directors to explore in detail the areas of focus for the Group over the short, medium and long term, and deepen their understanding of the Group.

Knowledge reinforced by

Site visits

Site visits allow Directors to observe the Group's operations in action and meet colleagues to gain further insight into our culture and enhance their understanding of the organisation as a whole.

Nick Hampton's induction

Senior Independent Non-Executive Director

Member of: Audit and Risk Committee; Nominations Committee; Remuneration Committee; and Treasury Committee.

We welcomed Nick to the Board on 4 April 2025, and his extensive induction programme is ongoing, covering a range of areas across the business.

Along with a detailed overview of the water sector and the regulatory requirements we operate under, Nick has already attended a number of sessions including visits to major operational sites – covering water treatment, waste treatment, water networks, governance, stakeholder engagement and the environment.

For his role on the Treasury Committee, Nick received a detailed overview of the Group's funding history, the AMP8 financing strategy and associated treasury policies, as well as an introduction to the Group's Sustainable Finance Framework and approach to EU Taxonomy.

Nick's induction for his role on the Audit and Risk Committee included sessions on the current and emerging risks faced by the Group and the Risk Management Framework in place, regulatory finance model, Internal Audit programme and internal control processes. Nick also met with representatives from the current and incoming External Auditors, Deloitte and PwC respectively, and the External Assurer, Jacobs.

In advance of his first Remuneration Committee meeting, Nick considered the remuneration structure across the Group, for both the Executive and wider workforce, and the Committee's essential role in assessing performance in the round.

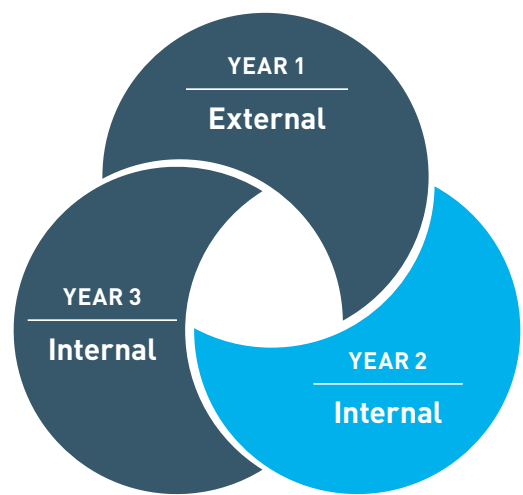
Nick's 'Board Buddy' is Richard Taylor, who is the Chair of the Treasury Committee and is also a member of the Audit and Risk, Nominations and Remuneration Committees.



[Nick Hampton water treatment induction site visit](#)

Evaluation

Our annual Board Performance Review provides the Board, and its Committees, with an opportunity to consider and reflect on the quality and effectiveness of its decision making, and the range and level of discussion, and for each member to consider their own contribution and performance.



Board evaluation cycle

In consideration of the FRC’s Guidance on Board Effectiveness and the Chartered Governance Institute’s (‘CGI’) Principles of Good Practice relating to external reviews, the Board has adopted a three-year assessment cycle, designed to build on momentum from prior years, whilst also ensuring a rigorous and balanced approach to implementing incremental improvements.

The cycle is set out below. 2023/24 was the first year of a new three-year cycle and took the form of an externally facilitated evaluation exercise conducted by Independent Board Evaluation (‘IBE’).

Year 1 – 2023/24

Externally led comprehensive review: A detailed, independent assessment of the Board, Committees and individual Directors.

Year 2 – 2024/25

Internally led intermediate-level review: With a focus on Board dynamics, Board composition and succession.

Year 3 – 2025/26

Internally led lighter-touch review: With a focus on stakeholder engagement and Board contribution to strategy and organisational culture.

Progress made on recommendations from 2023/24

The table below sets out the recommendations from the external evaluation undertaken by IBE during 2023/24 and the resultant action taken to address each of them.

Recommendation	Action taken
Board agenda and papers	
Continue to improve the Board Objectives process by scheduling a dedicated Board session to enable the Board to debate and agree its objectives for the year ahead, ahead of tabling them for discussion at the Board.	Dedicated sessions to enable the Board to debate and agree its objectives for the next year, in addition to reviewing progress made against the current year’s objectives, were held in March and April 2025. These sessions will continue to form part of the Board’s annual forward agenda.
Enhance the flow of constructive feedback to management in relation to Board papers in order to build on improvements made on reports tabled at the Board and its Committees and ensure Directors continue to be presented with high-quality and relevant information to inform decision making.	Board members continue to be encouraged to provide feedback at meetings and use the Group Company Secretary as a conduit for facilitating any feedback to report writers and presenters.
Mentoring and development	
Consider bolstering the Group’s induction and onboarding approach to include mentoring for the first few months of Board membership for any Director who has not previously served on a Board of a UK listed company.	Following the 2021 review, our Board Buddy scheme was introduced as a result of feedback from a Non-Executive Director on their induction programme. The scheme has been well received and this is something we continue to offer new Non-Executive Directors. Following the success of this, we will continue to keep under consideration the need for additional mentoring.
Schedule annual feedback discussions between the Chair and individual Directors.	As the report from IBE noted, the Chair provides feedback to individual Directors following meetings and informally throughout the year. A programme of one-to-one sessions for the Chair to meet with individual Directors has been implemented to enable more formal discussions on performance and development.
Governance Framework	
Keep the Committee structure under review with regards to the division of work between the Treasury Committee and Audit and Risk Committee.	The Committee structure is regularly reviewed including, but not limited to, during the annual appraisal of the Terms of Reference and the assessment of how each Committee has discharged its duties during the year.

2024/25 Board Performance Review process

A description of the process followed for this year's internal Board Performance Review is detailed below.

Stage 1 Performance Review process planning November – December 2024	The Group Company Secretary undertook a detailed review of the 2023/24 evaluation in order to develop the approach for 2024/25, incorporating recommendations from the 2018 Code, Parker Review, FRC Guidance on Board Effectiveness and Ofwat's Board leadership, transparency and governance principles. A focused questionnaire was designed to gather individual Directors' perceptions of the performance of the Board and its operations, including in relation to accountability, oversight, strategy, value creation, culture, ethics, behaviours, stakeholder engagement and information flows to the Board and its Committees.
Stage 2 Questionnaire response and one-to-one meetings January – February 2025	The questionnaires were issued and each Director was also asked to complete an updated entry for the Board skills matrix, taking into consideration skills that had been strengthened through training and development over the previous year. Directors were also asked to highlight any additional skills that they felt may be beneficial for the Board to have amongst its members in order to discharge its duties effectively. Board members participated in comprehensive one-to-one meetings with the Group Company Secretary, with additional input from the Senior Independent Director, to allow reflection on their personal responses to the questionnaire and discussion of matters relevant to boardroom culture, process and development. Separate discussions were held to consider the effectiveness of the CEO, CFO and Group Company Secretary, led by the Chair. The Chair's performance review was led by the Senior Independent Director.
Stage 3 Evaluation and reporting March 2025	The Group Company Secretary collated the individual responses, including analysis of themes and proposed actions. A detailed report, setting out the findings of the Board Performance Review, was provided to the Chair for consideration. The Group Company Secretary and Chair met to discuss the findings, with the resulting report being tabled at the Board meeting in March 2025.
Stage 4 Consider results and agree actions March 2025	The findings of the Board Performance Review were fully considered when making recommendations in respect of the appointment and reappointment of individual Directors, and included an assessment of their independence, time commitment and individual performance. The respective proposed 2025 AGM resolutions were considered and agreed by the Board. The proposed actions arising from the Board Performance Review were thoroughly discussed and agreed for implementation and monitoring.
Stage 5 Monitor progress April 2025 onwards	The Board will continue to oversee the progress made in relation to the agreed actions to ensure their timely completion. The Nominations Committee will also continue to play a key role in monitoring the actions relating to Board succession, composition, recruitment and induction.

2024/25 Board Performance Review findings

Recommendation	Action taken
Risk management	<p>The Group’s risk management approach was considered to be effective and robust, however incremental improvements should be sought, such as increased focus on identifying future potential ‘black swan’ risks within the Group’s existing horizon scanning activity.</p> <p>Enterprise Risk Management updates include additional focus on, and consideration of, potential ‘black swan’ risks. An in-depth horizon scanning session was held at the Board meeting in March 2025 and is scheduled for annual consideration by the Board moving forward.</p>
Board agenda	<p>Notwithstanding the well-structured agendas which comprise an optimal mix of strategic and operational items, consideration should be given to:</p> <ul style="list-style-type: none">– allocating more time on the Board agenda to discuss strategic opportunities and customer insight to ensure the Board gets a deeper view of customers’ feedback and perspectives, as well as innovation and AI initiatives; and– scheduling key legal and governance topics earlier on the Board agenda, where beneficial, to ensure sufficient time for discussion and debate. <p>The Board forward agenda has been reviewed to ensure that:</p> <ul style="list-style-type: none">– all matters are appropriately scheduled for discussion at future Board meetings; and– sufficient time is devoted to the discussion of strategic, customer insight and innovative topics.
Board reports	<p>Notwithstanding the high quality of Board reporting, and excellent progress made to enhance reporting during the year, there was an opportunity for some reports to be more succinct and executive summaries to be refined further.</p> <p>Feedback on Board reporting has been incorporated into the Group’s suite of report-writing training.</p>
Employee engagement	<p>The introduction of ‘Meet the Board’ events over the last year had been very positive. It was considered that these could be held more frequently moving forward.</p> <p>Additional ‘Meet the Board’ events have been scheduled as part of the Board’s annual stakeholder engagement programme.</p>

Nominations Committee Report



Christine Hodgson

Chair of the Nominations Committee

All members of the Committee are Independent Non-Executive Directors of the Board, with the exception of Christine Hodgson (who was independent on appointment). Membership of the Committee during 2024/25 is shown in the meeting attendance table on page 105. Only members of the Committee have the right to attend Committee meetings. Other individuals, such as the Chief Executive, the Director of Human Resources and other senior management and external advisers, may be invited to attend meetings as and when appropriate. None of these attendees are members of the Committee.

The Committee is authorised to seek external legal or other independent professional advice as it sees fit, but did not need to do so during the year.



Documents available at [severntrent.com](https://www.severntrent.com)

- Board Diversity Policy
- ‘Wonderfully You’, our Diversity and Inclusion Strategy
- Charter of Expectations
- Committee Terms of Reference

Dear Shareholder

This report details the role of the Nominations Committee and the important work it has undertaken during the year. It highlights the vital part played by the Committee to ensure that the Board has the appropriate balance of skills, experience, knowledge and diversity to provide the Company with the strong leadership required to support its workforce and deliver long-term sustainable success.

The Committee also ensures there is a high-quality, stable Executive Committee in place, supported by credible succession and contingency plans, to ensure we are positioned to deliver for all of our stakeholders.

We have seen a number of changes to the composition of the Board during the year. As shared in last year’s Nominations Committee Report, we announced the appointment of Richard Taylor as an Independent Non-Executive Director of the Board from 1 April 2024. Richard succeeded Gillian Sheldon as Chair of the Treasury Committee when, as planned, she stepped down from the Board on 14 May 2024 in order to focus on her Executive commitments. Richard will introduce his first Treasury Committee Report to shareholders this year; see page 127 for further details.

On 4 February 2025, we announced that Kevin Beeston, Senior Independent Director, would retire from the Board on 30 April 2025 having served for nine years. I would like to convey my thanks to Kevin for his significant commitment and invaluable contribution throughout his tenure on the Board, in particular in his role as Senior Independent Director.

Following a robust recruitment and selection process, outlined on page 111, we announced the appointment of Nick Hampton as an Independent Non-Executive Director of the Board from 4 April 2025. Nick also joined our Audit and Risk, Remuneration and Treasury Committees, in addition to the Nominations Committee. Nick assumed the role of Senior Independent Director upon Kevin’s retirement and a summary of his experience and background can be found on page 100. You can also read about Nick’s ongoing induction programme on page 111.

Following the implementation of these changes, the Committee continues to be focused on succession planning, ensuring that the Board remains well balanced, with a strong pipeline of candidates with the appropriate skill sets, experience and capabilities.

During the year, the Committee also considered the Board Diversity Policy (the ‘Policy’) and reviewed progress made against the agreed objectives set out in the Policy. The importance of the Policy aligning with the diversity of our region, specifically in respect of gender, social and ethnic backgrounds, skills and experience, remains paramount. I am pleased to report that the Company continues to comply with the targets outlined within the Listing Rules, with 62.5% of the current Board Directors being women, three of the senior positions currently held by women (Chair, Chief Executive and Chief Financial Officer) and two members of our Board from minority ethnic backgrounds.

As part of the Committee’s governance oversight role, the Committee also assists the Board in its consideration of conflicts of interest and independence issues. As part of its recommendation to the Board in respect of the Continuing Office of Directors, the Committee conducted its annual review of individual Director conflict authorisations as recorded in our Conflicts of Interest Register. When reviewing conflict authorisations, the Committee considered any other appointments held by the Director, as well as the findings of the Board Performance Review.

Individual Directors’ external appointments were also reviewed in order to satisfy the Board that each member has sufficient time to commit to their roles and also to demonstrate compliance with the shareholder advisory groups’ individual guidance on overboarding. More detail can be found on pages 108 to 109.

Following the review, the Committee recommended to the Board that each conflict authorisation remained appropriate and that there were no business or other circumstances that were likely to affect the independence of any Non-Executive Director, and no individual was considered to be overboarded. As such, the Committee determined that all Non-Executive Directors continue to demonstrate independence and commitment to discharging their duties. I am pleased to report that this conclusion was ratified by the Board.

In accordance with the 2018 Code, all Directors will retire at this year’s AGM and submit themselves for reappointment or, in the case of Nick Hampton, appointment by shareholders. Each of the Non-Executive Directors seeking appointment or reappointment is considered to be independent in judgment and character.

Finally, we also paid significant attention to reviewing the performance and enhancing the effectiveness of the Board and its Committees during the year. An internally facilitated Board Performance Review was undertaken, which concluded that the Board and its Committees continue to operate effectively whilst also signalling minor areas for improvement. As before, I held one-to-one sessions with all members of the Board to discuss their performance and development following

the review, and will continue to do so on a periodic basis moving forward. Details of the Board Performance Review, and the Senior Independent Director's review of my own performance, can be found on pages 112 to 113.

I would like to thank the members of the Committee for their continued commitment throughout the year, for the open discussions that take place at our meetings, and for the contribution they all provide in support of our work.

Christine Hodgson

Chair of the Nominations Committee



 Christine Hodgson and Nick Hampton at Stoke Orchard Wastewater Treatment Works, April 2025

Board succession planning

The Committee is satisfied that all key roles have credible succession and contingency plans in place. Notwithstanding this, the Committee considers succession and contingency planning at each of its meetings and will continue to make appropriate recommendations to the Board as necessary.

An example of the Committee's succession planning activity in action is set out below.

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. Read more about our Board Diversity Policy on pages 117 to 118. 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, 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 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, along with an overview of Nick's ongoing induction.

Nominations Committee Report continued

The Nominations Committee's agenda for 2024/25

The Committee has responsibility for keeping the size, structure and composition of the Board and its Committees under review and is responsible for ensuring that there are formal plans in place for an orderly succession to both Board and senior leadership positions supported by robust contingency plans. The Committee also oversees the development of a diverse pipeline for succession. The composition of the Board is reviewed and refreshed on a regular basis and there is a rigorous and transparent procedure for the appointment of Directors. The Committee leads the process for Board and Board Committee appointments and makes recommendations to the Board. The Committee reports to the Board on the matters it has considered following each Committee meeting, and makes recommendations as appropriate.

The key areas of focus at the Committee's meetings during the year are set out below.



Key areas of focus

Consideration of the composition of the Board and Committees, the succession of Non-Executive Directors, and the skills, knowledge, experience, diversity and attributes required of current and future Non-Executive Directors. In considering Board succession, the Committee took into account the tenure of the Non-Executive Directors and the importance of the progressive refreshing of Board membership.

Review of individual Director independence through the established Conflicts of Interest and Persons Closely Associated declaration process, and conclusion that there were no concerns as regards the composition of the Board, or the contribution or commitment of any of the Directors, including in relation to external appointments and overboarding guidance.

Review of the search firm providers for the next stage of the Board's succession planning and engagement of the executive search firm Russell Reynolds¹.

Oversight of the succession and contingency plans in place for the Executive Committee and other members of senior management, including consideration of the Group's talent development programmes to build technical and leadership capability.

Review of the Board Diversity Policy to ensure it remained aligned with the requirements of the Listing Rules and incorporated any other best practice, including Financial Conduct Authority guidance.

Continued application of the Board Diversity Policy and initiatives, and reviewed progress made against the agreed objectives set out in the Board Diversity Policy.

Discussion of the role of the Board Diversity Policy in advancing the composition and effectiveness of the Board and Committees.

Review and approval of the Committee's Terms of Reference during the year, prior to making a recommendation to the Board. In completing its review, the Committee concluded that the Terms of Reference remained appropriate and reflected the manner in which the Committee was discharging its duties.

¹ Russell Reynolds is a signatory to the voluntary enhanced code of conduct for executive search firms. Other than the Group's engagement of Russell Reynolds in relation to the recruitment of Non-Executive Directors, there is no connection between the two companies.

Enhanced review of independence

Whilst we see long service on the Board as a positive characteristic, the Board is mindful that the 2018 Code indicates that Non-Executive Directors should not serve for more than nine years and Non-Executive Directors who have served over six years should be subjected to a particularly rigorous review.

Such a review, in line with the requirements of the 2018 Code, was undertaken in relation to the independence and commitment of Kevin Beeston, from when he reached his six-year tenure until his recent retirement from the Board. On each occasion, the Board remained satisfied that Kevin continued to act with the utmost independence and considered that his appointment remained in the long-term best interests of stakeholders, particularly customers and communities given his previous experience throughout the business planning process. Kevin's length of service, independence and potential for conflicts of interest were also considered as part of our Board Performance Reviews.

Diversity on our Board and Committees

The Committee and Board continue to drive the agenda of diversity across the Group in setting the right tone from the top and are proud of the progress being made to date. Whilst Severn Trent has long been an advocate of a diverse workforce and the huge advantages that this brings teams across the business, the Committee acknowledges that there is more to be done to encourage greater diversity, so that all companies can experience the benefits of wide-ranging experience and backgrounds.

The Nominations Committee reviews the Board Diversity Policy (the 'Policy') on an annual basis and makes recommendations to the Board where it identifies changes that can be made to contribute further to improving the diversity of the Board, Board Committees and Executive Committee.

The Annual Statement on Board Diversity Targets can be found overleaf, and the main objectives contained in the Policy, along with an overview of the action taken to implement the Policy, are set out on page 118. The full Policy is available on the Severn Trent Plc website.

Annual Statement on Board Diversity Targets

On behalf of the Board, the Nominations Committee is pleased to confirm that, as at 31 March 2025, all three of the targets contained within the Board Diversity Policy, which align with the diversity and inclusion targets set out in the Listing Rules, have been met. A summary of the Board Diversity Targets is set out in the table below.

Board Diversity Policy target	Target met?	Board diversity as at 31 March 2025
At least 40% of the individuals on the Board of Directors are women.	✓	62.5% of the individuals on the Board of Directors are women.
At least one of the senior positions (Chair, Chief Executive, Senior Independent Director, Chief Financial Officer) on the Board of Directors is held by a woman.	✓	The Chair is a woman. The Chief Executive is a woman. The Chief Financial Officer is a woman.
At least one member of the Board of Directors is from a minority ethnic background (defined by reference to categories recommended by the Office for National Statistics ('ONS') excluding those listed, by the ONS, as coming from a white ethnic background).	✓	Two members of the Board of Directors are from minority ethnic backgrounds.

Detailed numerical information on the gender and ethnicity representation on the Board and Executive Committee is set out below.

Data concerning gender and ethnicity representation is collected directly from all the individual Board and Executive Committee members through a Diversity and Inclusion Monitoring Form (the 'Form') which is issued for completion on an annual basis. The Form asks individuals to disclose their gender and ethnicity using the options included on the Form, which align with the detail in the left-hand columns of the tables below and includes the option to not specify an answer.

This data is collated by Company Secretariat and held securely and in accordance with the Group's data protection processing and retention guidelines.

Gender representation as at 31 March 2025

	Seyn Trent Plc Board			Seyn Trent Plc Executive Committee	
	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in Executive Management	Percentage of Executive Management
Men	3	37.5%	1	5	55.6%
Women	5	62.5%	3	4	44.4%
Not specified/prefer not to say	-	-	-	-	-

Ethnicity representation as at 31 March 2025

	Seyn Trent Plc Board			Seyn Trent Plc Executive Committee	
	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in Executive Management	Percentage of Executive Management
White British or Other White (including minority-white groups)	6	75.0%	4	8	88.9%
Mixed/Multiple Ethnic Groups	1	12.5%	-	-	-
Asian/Asian British	1	12.5%	-	1	11.1%
Black/African/Caribbean/Black British	-	-	-	-	-
Other Ethnic Group	-	-	-	-	-
Not specified/prefer not to say	-	-	-	-	-



As discussed on page 111, since 31 March 2025, there have been changes to the membership of the Board. The Nominations Committee confirms that the changes in composition have not impacted the attainment of any of the Board Diversity targets and neither the Board nor the Committee foresees any risks in not being able to continue to meet the Board Diversity Targets during the current financial year. There have been no changes to the membership of the Executive Committee since 31 March 2025.

Nominations Committee Report continued

Additional Policy targets and objectives

Board Committee composition targets

In relation to the Committees included in the 2018 Code (the 'Board Committees'), comprising the Audit and Risk Committee, the Nominations Committee and the Remuneration Committee:

Board Diversity Policy target	Target met?	Board Committee diversity as at 31 March 2025
Achieve and maintain the position where at least one individual on each Board Committee is a woman.		There is at least one member of each Board Committee who is a woman.
Achieve and maintain the position where at least one individual on each Board Committee is from a minority ethnic background (defined by reference to categories recommended by the ONS excluding those listed, by the ONS, as coming from a white ethnic background).		There is at least one member of each Board Committee who is from a minority ethnic background.

Policy objectives

Objective	Implementation
Ensure that the Board and senior management comprise individuals with a range of skills, experience, knowledge, perspectives and backgrounds.	Board and senior management succession planning arrangements are regular items for discussion at Nominations Committee meetings. In addition, during the year, the Board reviewed the internal talent pipelines within the organisation and the activities undertaken to develop and retain our people.
Focus on the development of a pipeline of diverse high-calibre candidates for all senior management roles.	
Only engage search firms who are signed up to the voluntary code of conduct for executive search firms.	Russell Reynolds, which was appointed to assist with the recruitment of an additional Non-Executive Director during the year, is a signatory to the enhanced code of conduct for executive search firms.
Ensure that Board and senior management candidate lists will be inclusive according to the widest definition of diversity.	The Board and Nominations Committee recognise the importance and benefits of greater diversity, including gender diversity, social and ethnic background and cognitive and personal strengths, throughout the organisation, including on the Board itself. On instruction of an executive search firm, the specification will ensure that candidates with no listed company board experience are fully considered. Nick Hampton was appointed to the Board on 4 April 2025. Nick's appointment was recommended by the Committee in full consideration of the Policy, the 2018 Code and additional relevant guidance.
Consider candidates for Board and senior management appointments from a wide pool, including those with no listed company experience.	
Oversee plans for diversity and inclusion across the business and receive regular updates in relation to these.	The Board receives a dedicated update on diversity and inclusion at least annually, with interim updates forming part of regular reports from the Director of Human Resources.

Audit and Risk Committee Report



Sarah Legg

Chair of the Audit and Risk Committee

All members of the Committee are Independent Non-Executive Directors of the Board. The Board considers that all members of the Committee have recent and relevant financial experience and competence relevant to the sector, with the Chair and the majority of the Committee members being qualified accountants. Membership of the Committee during 2024/25 is shown in the meeting attendance table on page 105. Only members of the Committee have the right to attend Committee meetings. Other regular attendees at meetings at the invitation of the Committee include the Chair of the Board, Chief Executive, Chief Financial Officer ('CFO'), Group General Counsel, Group Company Secretary, Group Financial Controller, Head of Group Internal Audit, Head of Group Compliance, Risk and Assurance, other members of senior management, representatives from the External Auditor, Deloitte, incoming External Auditor, PwC, and non-financial regulatory and technical External Assurer, Jacobs. None of these attendees are members of the Committee.

The Committee regularly holds private discussions with the Head of Group Internal Audit and representatives from the External Auditor and External Assurer separately, without management present. The Chair of the Committee regularly holds separate one-to-one meetings with the CFO, Head of Group Internal Audit, External Auditor and with Committee members outside of scheduled meetings to better understand any issues or areas for concern.

The Committee is authorised to seek external legal or other independent professional advice as it sees fit, but did not need to do so during the year.



Documents available at severntrent.com

- Non-Audit Services Policy
- Explaining Our Tax Contribution
- Our Tax Strategy
- Group Financial Crime, Anti-Bribery and Anti-Corruption Policy
- Internal Audit Charter
- Charter of Expectations
- Committee Terms of Reference

Dear Shareholder

I am delighted to introduce this year's report, which aims to give shareholders a clear insight into the work we have done as a Committee to provide challenge and assurance on the integrity of this Annual Report and the Group's regulatory reporting requirements.

The Committee assists the Board by establishing, reviewing and monitoring the formal and transparent policies and procedures to ensure the independence and effectiveness of the Internal Audit function and External Audit process, the integrity of financial and narrative reporting, the Company's internal control framework and the adequacy of the process that enables the Board to assess the extent of Principal Risks the Company is willing to take to achieve its long-term strategic objectives.

Throughout the year, I have maintained regular dialogue with members of the Committee, the CFO and other members of management, including presenters of upcoming agenda items prior to meetings, to make sure the Committee was provided with the necessary information to enable it to guide, challenge and advise to ensure that any decisions taken were done so on a fully informed basis. I also met privately with the Head of Group Internal Audit and representatives from the current External Auditor and External Assurer both at a partner and working team level, to discuss their procedures, including any issues that may have arisen, and to inform my ongoing assessment of their effectiveness. I have also met with members of the incoming External Auditor's team, to ensure that transition arrangements were effective and progressing to timetable.

Much of the Committee's work relates to the regulated activities of Severn Trent Water, which represent over 92% of Group turnover. The Committee's vital contribution to our purpose of 'taking care of one of life's essentials' ensures that the interests of shareholders and other stakeholders, particularly our customers and regulators, are properly protected, by overseeing the Group's financial reporting and internal control arrangements. The Committee uses its collective expertise to provide challenge to the approach and judgments made by management in the treatment of financial reporting matters and the resulting disclosures within the financial statements.

One of our key roles is to advise the Board that we are satisfied that this Annual Report is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy. In doing so, we ensure that management's disclosures reflect the supporting detail or challenge them to explain and justify their interpretation and, if necessary, re-present the information. The Committee has spent considerable time reviewing and scrutinising the Group's financial results, and details of the significant matters we considered can be found on page 126.

The Committee, in consideration of the growing focus on climate change and other environmental issues, also plays a key role in the governance of environmental and climate-related reporting, including overseeing, in conjunction with the Corporate Sustainability Committee and supported through independent third-line assurance, the Group's Taskforce on Climate-related Financial Disclosures ('TCFD'), Taskforce on Nature-related Financial Disclosures ('TNFD'), Double Materiality Assessment ('DMA') and EU Taxonomy disclosures.

The External Auditor performs its statutory audit by auditing the financial statements of the Company against agreed accounting practices, relevant laws and regulations. Deloitte's audit report can be found on pages 159 to 164. This will be the final report received from Deloitte following the competitive tender process undertaken during 2023/24 (where Deloitte was not permitted to participate due to mandatory rotation requirements), which resulted in the Committee making a recommendation to the Board that, at the 2025 AGM, PwC be proposed as the Group's External Auditor for the year ending 31 March 2026.

Audit and Risk Committee Report continued

On behalf of the Committee, I would like to express our thanks to Deloitte for their services to the Group throughout their engagement as External Auditor and for their focus in ensuring an effective handover to PwC.

The Committee had oversight of the tender for the Group's regulatory and technical assurance provider during the year. After a thorough and robust tender process, the Committee was pleased to approve the recommendation from management that Jacobs be reappointed as the Group's technical assurance provider.

We were pleased to advise the Board that this Annual Report is fair, balanced and understandable, and that the Directors have provided the necessary information for our shareholders to assess the Company's position, prospects, business model and strategy. The review process is described in further detail on page 122.

During the year, the Committee reviewed and agreed with management's proposal for the Company's long-term Viability Statement to continue to cover a seven-year period (see pages 79 to 83). It was agreed that this was appropriate, given the nature of the regulatory framework in the water sector and Ofwat's statutory duty to ensure that companies can finance the proper carrying out of their functions.

The Committee has also spent a considerable amount of time reviewing the Group's ERM processes and procedures, with rich discussions taking place at our meetings about both existing and emerging risks and how we can continue to satisfy ourselves of the effectiveness of our internal controls in mitigating the impact of such risks. You can read more about our approach to risk on pages 68 to 69, and our statement on internal controls and risk management is on pages 122 to 123.

I am pleased to confirm that the Committee complied fully with the FRC's 'Audit Committees and the External Audit: Minimum Standard' (the 'Standard') during the financial year, including in relation to reviewing the efficiency and effectiveness of the External Audit process. To further bolster the Committee's review of the effectiveness of the External Audit, I spent time with the Deloitte team in order to scrutinise the quality of the audit and meet the individuals below Partner and Director level who are involved in the process.

You will see that this report contains an overview of the Company's whistleblowing arrangements. The Board has previously agreed that the responsibility for oversight of whistleblowing arrangements should continue to be delegated to the Committee and not be a matter reserved solely to the Board. However, the Board as a whole monitors and reviews the effectiveness of the Group's whistleblowing arrangements annually, to ensure that it has sufficient oversight of whistleblowing to support its work on culture, risk and stakeholder engagement.

The Committee continues to receive reports on investigations and all significant whistleblowing matters are reported directly to the Board. 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 annual Board Performance Review, which was conducted internally this year, assessed our performance as a Committee, and I am pleased that this concluded that we operate effectively and that the Board takes assurance from the quality of our work. The Board is satisfied that the Committee members bring a wide range of financial experience across various industries and all members have competence relevant to our sector, with significant recent and relevant financial experience. Further information about each Committee member is contained in their individual biographies, which can be found on pages 100 to 101.

I would like to thank the members of the Committee, the Management Team, Internal Audit, Deloitte and Jacobs for their continued commitment throughout the year, for the open discussions that take place at our meetings and for the contribution they all provide in support of our work.

Sarah Legg
Chair of the Audit and Risk Committee

The Audit and Risk Committee's agenda for 2024/25

The Committee has an extensive agenda focusing on the audit, risk, internal controls and assurance processes within the business which it deals with in conjunction with management, the External Auditor, Internal Audit, Finance Team and Compliance, Risk and Assurance Team. The Committee reports to the Board on the matters it has considered following each Committee meeting and makes recommendations as appropriate.

The key areas of focus at the Committee's meetings during the year are set out below.



Key areas of focus

Internal Audit and Assurance

- Consideration of Internal Audit reports presented to the Committee in order to satisfy itself that management had resolved, or was in the process of resolving, any outstanding issues or actions.
- Review and approval of the Internal Audit Plan and approach for the upcoming year.
- Appraisal of the quality and effectiveness of Internal Audit and the effectiveness of the current co-source arrangements.
- Review of the detailed assurance map and consideration of the findings of the assurance that had been undertaken as part of regulatory submissions.
- Oversight of the arrangements in place for the tender of the AMP8 regulatory and technical assurance provider.

Internal Controls and Risk Management

- Evaluation of the effectiveness of the Group's ERM processes and procedures and internal control systems, and integration of the components of the risk framework into Board and Committee reporting, prior to making a recommendation to the Board.
- Oversight of the control environment, maintenance and development of finance systems, particularly regarding the migration of customers to a new technology platform.
- Review of updates on legal, regulatory, corporate governance and ethical matters, and monitoring of fraud reporting and incidents of whistleblowing, including a review of the adequacy of the Group's whistleblowing processes and procedures, prior to reporting to the Board on this activity.
- Oversight and monitoring of the Group's compliance with the Bribery Act 2010, including a review of the adequacy of the anti-bribery, corruption and fraud processes and procedures and associated policies.

External Audit

- Management of the relationship for the statutory audit, including the key audit risks and level of materiality applied by Deloitte, audit reports from Deloitte on the financial statements and the areas of particular focus for the audit.
- Assessment of the effectiveness of the External Audit process in order to make any recommendations in relation to the audit for the year ended 31 March 2025.
- Consideration and agreement of the statutory audit fee for the year ended 31 March 2025.
- Review and approval of the non-audit services provided by the External Auditor and related fees.
- Oversight of External Auditor independence, including in relation to PwC as the incoming External Auditor and the cessation of non-audit services previously provided by PwC to the Group.

Financial and Regulatory Reporting

- Review and discussion of reports from the CFO on the financial statements, considering management's significant accounting judgments and the policies being applied, and assessment of the findings of the statutory audit in respect of the integrity of the financial reporting of full-year and half-year results.
- Monitoring of anticipated changes to accounting standards, noting that preparations were underway to adopt new standards as necessary and active engagement continued with the UK Accounting Standards Board on developments.
- Assessment of the integrity of regulatory documents relating to Severn Trent Water, including the Annual Performance Report prior to submission to Ofwat and the Pollution Incident Reduction Plan prior to submission to the EA.
- Review of the Annual Report to provide a recommendation to the Board that, as a whole, it complied with the 2018 Code principle to be 'fair, balanced and understandable, and provide the information necessary for shareholders to assess the Company's position, performance, business model and strategy'.
- In-depth review of specific disclosures which relate to areas under the remit of the Committee, including TCFD, TNFD, DMA and the EU Taxonomy.
- Challenge and scrutiny of management's detailed assessment of the Group's long-term viability and its ability to continue as a going concern. In doing so, the Committee took into account the risks facing the business, and its ability to withstand a number of severe but plausible scenarios in isolation and combination. Having considered management's assessment, the Committee recommended to the Board the long-term Viability Statement, set out on pages 79 to 83, and the Going Concern Statement, on page 83, for inclusion in the Annual Report.

Governance

- Review and approval of the Committee's Terms of Reference during the year, prior to making a recommendation to the Board. In completing its review, the Committee concluded that the Terms of Reference remained appropriate and reflected the duties of the Committee.

Audit and Risk Committee Report continued

Internal controls and risk management

Internal Audit

Internal Audit is an independent assurance function available to the Board, Audit and Risk Committee and all levels of management, and is a key element of the Group's corporate Governance Framework. Support is provided by two main co-sourcing partners: BDO and EY. Co-source arrangements are reviewed regularly 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 Internal Audit Plan where relevant.

Internal Audit Plan and actions

The role of Internal Audit is to provide independent and objective assurance that the Group's risk management and internal control systems are well designed and operate effectively, and 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 plan; this facilitates an efficient deployment of resource in providing assurance coverage over time across the whole business. The Committee's role is to review and challenge the plan, specifically whether the key risk areas identified as part of our 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 Committee, regular reporting enables the Committee to monitor delivery of the Internal Audit Plan and ensure that Internal Audit performs its work in accordance with the mandatory aspects of the International Professional Practice Framework of the Chartered Institute of Internal Auditors (the 'CIIA'), with integrity (honestly, diligently and responsibly) and objectively (without conflicts of interest).

Following the completion of each planned audit, Internal Audit seeks feedback from management and reports to the Committee on the findings, including any action that may be required. Where any failings or weaknesses are identified in the course of the review of internal control systems, management puts in place robust actions to address these on a timely basis. No material weaknesses were identified during the year. Action closure is reported to, and monitored by, the Committee, thereby demonstrating the strong focus management places on closing audit actions and ensuring timely completion.

The Internal Audit function also liaises with the External Auditor, discussing relevant aspects of their respective activities which ultimately supports the assurance provided to the Committee and Board. An example from during the year was the review of the workstreams underpinning the implementation of the new Kraken customer platform. Given the scale of the migration programme and the developing controls environment, additional resource was applied from both an Internal and External Audit perspective, with the Head of Internal Audit and representatives from Deloitte providing regular updates at Committee meetings. You can read more about Kraken on pages 14 and 92.

Effectiveness

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. The next external effectiveness review is planned for December 2026 and will involve assessment against the new Global Internal Audit Standards.

The last external review concluded that the Internal Audit function remains fit for purpose, and is operating efficiently and effectively,

and in line with good practice. The External Quality Assessment report 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 Audit and Risk Committee. All actions were completed in line with the proposed timescales.

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

Fair, balanced and understandable reporting

At the request of the Board, the Committee has considered whether, in its opinion, the 2025 Annual Report and Accounts ('ARA'), taken as a whole, is 'fair, balanced and understandable' ('FBU') and whether it provides the 'information necessary for shareholders to assess the Company's position, performance, business model and strategy'.

The following process was followed by the Committee in making its assessment.

1. Regular Disclosure Committee review

The Disclosure Committee reviewed the ARA throughout the drafting process and undertook a detailed FBU assessment ahead of tabling a detailed report at the Audit and Risk Committee.

2. Regular Audit and Risk Committee review

The Audit and Risk Committee reviewed the ARA at an early stage, and throughout the drafting process, to enable sufficient time for review and comment, and to ensure overall balance and consistency between the narrative sections and the financial statements.

The Audit and Risk Committee was supported in its review by the Disclosure Committee, whose appraisal of the ARA is undertaken by members of the Executive Committee who are not directly involved in drafting any content.

3. Internal Audit verification and oversight

Internal Audit reviewed the ARA and oversaw the verification process for all factual content and reported back to the Audit and Risk Committee on its assessment findings.

4. FBU assessment

The Audit and Risk Committee reviewed and approved the process in place to support the FBU assessment and evaluated the findings of this process. The Audit and Risk Committee was satisfied that all the key events and issues reported to the Board by management (both positive and negative) had been adequately referenced or reflected within the ARA.

5. External Auditor review

The External Auditor is required to consider whether there are any material inconsistencies between information presented in the Strategic Report, Directors' Report and aspects of the Governance Report, taking into account the External Auditor's knowledge obtained during the audit and the External Auditor's understanding of the legal and regulatory requirements applicable to the narrative.

The External Auditor presented the results of its audit work. The significant issues the Audit and Risk Committee considered were consistent with those identified by the External Auditor in its report (see pages 159 to 164 for more detail).

6. Recommendation to the Board

The Board approved the Audit and Risk Committee's recommendations that the FBU statement could be made in the ARA. An associated Board declaration is included within the Directors' Responsibility Statement on page 158.

Internal controls and risk management

Internal controls

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. The Committee reviews the Group's internal control systems and receives updates on the findings of Internal Audit's investigations at every meeting, prior to reporting any significant matters to the Board, which retains overall responsibility for the effectiveness of the full suite of internal controls across the Group.

The Committee has oversight of the Group's preparations to ensure compliance against the recommendations under the refreshed 2024 UK Corporate Governance Code, particularly in relation to the introduction of the new Provision 29. We are fully committed to ensuring that the Group's audit and governance arrangements reflect best practice and address any new requirements within the

expected timeframes. As part of this, during the year, a detailed review of the Group's systems, processes and procedures was undertaken by the Committee in order to provide assurance to the Board that the Group's internal control systems, including those which cover financial reporting, continue to operate effectively.

Further to the reports received by the Committee, which set out the Group's processes, systems and assurance procedures, the Committee has concluded that it has complied with its obligations under the 2018 Code in relation to the assessment of risk and monitoring and review of the effectiveness of internal controls and risk management. The Committee is pleased to confirm that, based on its review and monitoring activities, it has not been made aware of any material control weaknesses in the Group's internal controls systems and risk management framework.

Risk management

The Group has an ERM process in place through which our Principal Risks and related controls are identified and assessed. The Board has overall responsibility for setting the Group's risk appetite and ensuring that there is an effective risk management framework in place and has delegated responsibility for review of the risk management methodology and effectiveness of internal controls to the Committee. The Committee reviews the processes for, and outputs from, the Group's ERM activity, through which our Principal Risks and related controls are identified. It also reviews the effectiveness of the risk management system on behalf of the Board and keeps under review ways in which the control and assurance arrangements can be enhanced. The Committee is complemented by a Strategic Risk Forum, comprising senior leaders from across the Group's operations, which adds value by assisting the Committee in reviewing the risk management system, internal controls that mitigate risks and undertaking reviews of assurance risk reports prior to Audit and Risk Committee meetings.

The central ERM Team also undertook a review of the integration of the components of the ERM framework into Board and Committee

reporting, prior to making a recommendation to the Board. This year, the Committee spent a considerable amount of time reviewing the Group's ERM processes and procedures, with good progress made in enhancing its effectiveness during the year. The Committee also reviewed the Group's Risk Appetite Statement and recommended this for consideration and approval by the Board. You can read more about this important work on pages 68 to 69.

The Committee received half-yearly reports from the Head of Group Compliance, Risk and Assurance, detailing the significant risks and uncertainties faced by the Group. Each risk submitted for review includes an assessment of the overall risk status, status of the control environment and a summary of the risk mitigation plan to take the risk to the target risk position, which needs to be in line with the risk appetite. The risk mitigation plan covers action plans to improve controls where this has been assessed as necessary and assesses whether actions are on target, with the correct prioritisation in place. Further details of the Group's risk management systems and controls and Principal Risks can be found in the Strategic Report on pages 68 to 78.

Whistleblowing

At Severn Trent we foster a culture of trust, honesty and openness. We are proud of our approach to whistleblowing, which encompasses the environment we create in our business to encourage reporting of potential wrongdoing, the support we give to whistleblowers and our thorough investigation of concerns.

The Group 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 Committee.

We learn from every report of whistleblowing and share the lessons across the business with a view to making improvements where necessary. We subject our whistleblowing processes to regular evaluation by both Internal Audit and independent assurers, and the findings from these reviews frequently cite many examples of good practice within the Group's approach. On an annual basis we also undertake an external benchmarking exercise with Protect, the whistleblowing charity.

We believe that good corporate governance is a key component of creating the best culture and we set the right tone from the top. The Committee receives reports on investigations, and all significant whistleblowing matters are reported directly to the Board.

The Board as a whole monitors and reviews the effectiveness of the Group's whistleblowing arrangements annually, to ensure that it has sufficient oversight to support its work on assessing culture, risk and stakeholder engagement. 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.

During the year, the Committee considered potential impacts for the Group arising from the Office of the Whistleblower Bill with the objective of setting, monitoring and enforcing standards for the management of whistleblowing cases, provision of disclosure and advice services, directing whistleblowing investigations and ordering redress of detriment suffered by whistleblowers. The Bill is currently proceeding through the House of Commons and the Committee is taking all proactive steps to comply with any new requirements that may result.

Audit and Risk Committee Report continued

External Auditor

The Committee has primary responsibility for overseeing the relationship with the External Auditor, including assessing its performance, effectiveness and independence annually, and making a recommendation to the Board in respect of its reappointment or removal.

Tender and appointment

Following a formal tender process in 2015/16, Deloitte LLP was reappointed as External Auditor at the 2016 AGM. Following the rule that the audit engagement partner must change every five years, Jacqueline Holden became the senior statutory auditor and has overseen the audit of the Severn Trent Group since 2020/21. Other senior audit staff also rotate at regular intervals.

For the year ended 31 March 2025, the Board accepted the Committee's recommendation that Deloitte be reappointed as the Group's External Auditor as this was in the best interests of both shareholders and the Company, as Deloitte has a detailed knowledge of our business and an understanding of our industry, and continues to demonstrate that it has the necessary expertise and capability to undertake the audit. Shareholders passed the proposed resolution to reappoint Deloitte as External Auditor at the 2024 AGM.

As outlined in the 2024 Annual Report, a competitive tender process was undertaken in accordance with regulations that require a tender to be carried out every 10 years. Due to mandatory rotation requirements, Deloitte was unable to participate in the tender. The tender process resulted in the Committee recommending to the Board that, at the 2025 AGM, PwC be proposed as the Group's External Auditor for the year ending 31 March 2026.

The Company has complied with the provisions of the Competition and Markets Authority's Order for the financial year under review in respect to audit tendering and the provision of non-audit services.

Effectiveness and competence

The Committee considers audit quality to be the principal requirement of the annual audit process and, as such, an effectiveness review is conducted annually. Due to Deloitte undertaking its final audit for the Group in respect of the year ending 31 March 2025, and therefore not subject to a recommendation at the AGM in July 2025, the Committee developed a tailored approach which involved:

- reviewing the Standard to assess the effectiveness of the External Audit and ensure that our process remains compliant;
- assessing the current year audit against the Standard;
- conducting a debrief process with the External Auditor following completion of the previous year's audit of the Group and subsidiary companies; and
- completing a questionnaire to document how the External Auditor had complied with our 'Principles for Audit Effectiveness' which set out expectations of Quality, Independence, Expertise and Resources, Effectiveness and Communication.

A report was presented to the Committee in March 2025, without either the incumbent or incoming External Auditor present. The Committee discussed the conclusions and any opportunities for improvement for the 2024/25 audit, which were brought to the attention of Deloitte.

No significant issues were reported as part of the internal review, and it was concluded that the External Audit process and services provided by Deloitte were satisfactory and effective.

Independence

The Committee regards independence of the External Auditor as crucial in safeguarding the integrity of the audit process and takes responsibility for ensuring the relationship between the Committee, the External Auditor and management remains appropriate.

The Committee recognises that independence is also a key focus for the External Auditor, and Deloitte has confirmed that it has complied with its own ethics and independence policies, which are consistent with the FRC's Revised Ethical Standard 2024. This includes the External Auditor's assurances that all of its partners and staff involved with the audit are independent of any links to the Group and that none of its employees working on our audit hold any shares in Severn Trent Plc.

Deloitte provides confirmation of independence during the planning stage of the audit, disclosing matters relating to its independence and objectivity. There were no independence issues raised in respect of the 2024/25 audit.

PwC also confirmed to the Committee that independence arrangements were in place ahead of commencing the shadowing process for the 2024/25 audit, with all PwC staff engaged on the audit deemed as fully independent of the Group.

The Committee also develops and recommends to the Board the Group's policy on non-audit services and associated fees paid to the External Auditor, to ensure the External Auditor is not providing any additional services which could impede its independence. You can read more about this policy below.

Statutory Auditor appointment for the year ending 31 March 2026

Following the outcome of the competitive tender process conducted during 2023/24, which excluded Deloitte due to mandatory rotation requirements, the Committee recommended to the Board that PwC be proposed for appointment for the year ending 31 March 2026 at the AGM on 10 July 2025. The Board accepted the Committee's proposal and a resolution has been included in the AGM Notice of Meeting.

There are no contractual obligations that restrict the Committee's choice of auditor; the recommendation is free from third-party influence; and no auditor liability agreement has been entered into.

Non-audit services

To preserve objectivity and independence, the External Auditor is not asked to provide other services unless it is in the best interests of the Company that these are provided by the External Auditor rather than another supplier, in accordance with our Non-Audit Services Policy (the 'Policy').

We reviewed the Policy during the year to reflect the FRC's Revised Ethical Standard 2024 which took effect from 15 December 2024. No substantial changes were required to the Company's existing arrangements.

The Policy requires Committee approval for all such non-audit services. The Policy also prohibits aggregate fees for non-audit services in excess of 70% of the average audit fee for the previous three financial years.

Non-audit services for which the External Auditor may be used include audit-related services required by statute or regulation and other audit or assurance services as set out in the Ethical Standard.

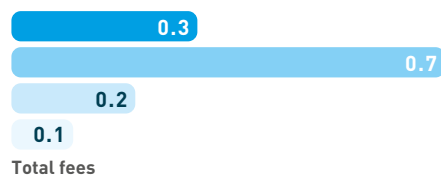
During the year, Deloitte received £1.2 million in fees for work relating to the audit services it provides to the Group. Non-audit fees paid to Deloitte amounted to £0.3 million this year, which is 21% of the total audit fees paid to it (as shown in the chart on page 125). The more significant non-audit services provided by Deloitte were the audits of financial information contained within the Severn Trent Water and Hafren Dyfrdwy Annual Performance Reports and the independent review of the Company's half-yearly financial report.

Audit and non-audit fees paid to Deloitte are set out in note 7 to the financial statements. In approving these non-audit fees, the Committee considered the overall ratio of non-audit fees to audit fees and, given the scope of work, considered that Deloitte was best placed to perform these services. Where Deloitte was chosen, this was as a result of its detailed knowledge of our business and understanding of our industry, as well as demonstrating that it had the necessary expertise and capability to undertake the work cost effectively whilst maintaining objectivity and independence.

Details of audit and non-audit fees and the significant non-audit work undertaken during the year are set out on page 125.

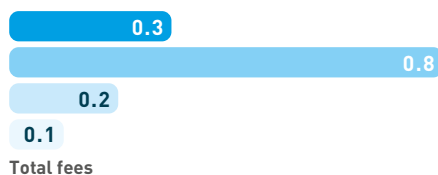
Ahead of commencing its shadowing of the 2024/25 audit, PwC confirmed to the Committee that all non-audit services that had been provided by PwC previously had been transitioned to other suppliers. Non-audit services that are permitted to be provided by the External Auditor will be included as part the transition arrangements in place between Deloitte and PwC.

Audit and non-audit fees (£m)



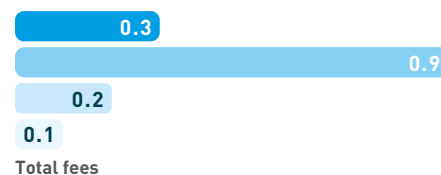
£1.3m

2022/23



£1.4m

2023/24



£1.5m

2024/25

- Statutory audit – the Company
- Statutory audit – subsidiaries

- Audit-related assurance services
- Other assurance services

Nature of service	Reason for Deloitte's appointment	Fees (£'000)
Audit-related assurance services		
Interim review	This work is allowed by Ethical Standards and is expected to be performed by the External Auditor.	107
Assurance of regulatory returns	Audit of Sections 1 and 2 of the Severn Trent Water and Hafren Dyfrdwy Annual Performance Reports is closely related to the External Auditor's statutory audit work and the two assignments are performed in parallel.	102
Other audit-related assurance services		5
Sub-total		214
Other assurance services		
Reporting under Group financing documents	These documents require reports and it is normal practice for the External Auditor to provide these.	33
Other assurance	This comprises assurance services performed as part of the year end reporting process.	7
Sub-total		40
Total 2024/25 non-audit fees		254

Audit and Risk Committee Report continued

Significant matters considered and addressed in relation to the financial statements

The Committee looked carefully at those aspects of the financial statements that require significant accounting judgments or where there is estimation uncertainty. These areas are explained in note 4 to the financial statements. The Committee also considered the accounting treatment for revenue and accrued income. It received detailed reports from both the CFO and the External Auditor on these areas and on any other matters which they believed should be drawn to the Committee's attention.

The Committee discussed the range of possible treatments both with management and with the External Auditor, confirming that the judgments made by management were robust and supportable. For all the matters described below, the Committee concluded that the treatment adopted in the financial statements was appropriate.

Significant matter	How the matter was addressed by the Committee
Going concern basis for the financial statements and long-term Viability Statement	<p>The Committee reviewed and challenged the evidence and assumptions underpinning the use of the going concern assumption in preparing the accounts and in making the statements in the Strategic Report on going concern and long-term viability.</p> <p>In particular, the Committee considered severe but plausible scenarios modelled in relation to the Company's Principal Risks, noting the stress tests performed by management and the potential mitigating actions identified.</p> <p>Our Business Model can be found on pages 6 to 7. Principal Risks and uncertainties can be found on pages 73 to 78. The Viability Statement can be found on pages 79 to 83 and the Going Concern Statement on page 83.</p>
Determination of the provision for impairment of trade receivables in Severn Trent Water Limited <p>At 31 March 2025, the provision in the Group's financial statements was £139.0 million and the charge for the year was £34.7 million. Severn Trent Water Limited has a statutory obligation to continue to supply water and wastewater services to customers even when their bills are unpaid. This increases the risk of bad debts. In addition, it has a large and diverse customer base which requires impairments against trade receivables to be assessed on a systematic basis.</p>	<p>The Committee challenged management's assumptions regarding historical cash collection and the impact of the cost of living pressures on Severn Trent Water's customers on the expected credit losses for trade receivables existing at 31 March 2025, noting the independent forecasts of the likely economic impacts and the recent evidence of a link between macroeconomic conditions and the Group's bad debt experience.</p> <p>The Committee considered the work performed by the External Auditor and the conclusions they reached regarding the adequacy of the provision.</p> <p>The Committee determined that no adjustment to the amounts recorded was required.</p>
The proposed classification of costs between operating expenditure and capital expenditure in Severn Trent Water Limited <p>Severn Trent Water Limited has a significant capital programme that includes projects made up of combinations of expenditure and activities, some of which are recognised as property, plant and equipment and some of which are recognised as operating costs. For most of the expenditure this distinction is clear but there is an element where subjective judgments are required to determine the appropriate accounting treatment.</p>	<p>The Committee considered the application of the Group's accounting policies in relation to capital expenditure during the year. The Committee enquired of management whether the policies had been applied consistently from year to year.</p> <p>The Committee considered the results of the External Auditor's work and discussed the conclusions with the External Auditor.</p> <p>The Committee determined that no adjustment to the amounts recorded was required.</p>
Determination of the amount of the Group's retirement benefit obligations <p>At 31 March 2025, net retirement benefit obligations amounting to £119.8 million were recognised. The net obligation recognised on the balance sheet is the difference between the fair value of the schemes' assets at the balance sheet date and the present value of the benefits expected to be paid to members of the schemes. This requires assumptions to be made for the expected age of retirement and longevity of members, future inflation rates and increases to benefits.</p> <p>It is also necessary to determine an appropriate discount rate to calculate the present value of the estimated gross obligations.</p> <p>Management takes advice from external qualified actuaries who perform the calculation of the present value of the benefits based on the assumptions set by management.</p>	<p>The Committee scrutinised the assumptions underlying the valuation of the obligations and obtained explanations for the significant reduction in the deficit recorded. The Committee considered whether the assumptions, taken as a whole, were appropriate, taking into account the work of the External Auditor and the benchmark information provided. The Committee also scrutinised the methodologies applied in assessing the fair values of the schemes' assets and considered the estimation techniques used for assets for which an up-to-date valuation was not available.</p> <p>The Committee considered that the assumptions and methodologies were reasonable, and that no adjustment was required to the draft financial statements.</p>

Treasury Committee Report



Richard Taylor
Chair of the Treasury Committee

All members of the Committee are Independent Non-Executive Directors of the Board. Membership of the Committee during 2024/25 is shown in the meeting attendance table on page 105. Only members of the Committee have the right to attend Committee meetings. Other regular attendees at meetings at the invitation of the Committee include the Chair of the Board, the Chief Financial Officer, the Group Treasurer, the Group Financial Controller and representatives from the Group's debt advisers, Rothschild & Co. None of these attendees are members of the Committee.

The Committee is authorised to seek external legal or other independent professional advice (in addition to that provided by its debt advisers) as it sees fit, but did not need to do so during the year.



Documents available at severntrent.com

- Sustainable Finance Framework
- Sustainable Bond Allocation and Impact Report
- Charter of Expectations
- Committee Terms of Reference

Dear Shareholder

I am delighted to introduce my first report as Chair of the Treasury Committee. To begin, I would like to convey my thanks to Gillian Sheldon, who retired from the Board in May 2024, for her leadership of the Committee and for the significant time she invested in ensuring a smooth and effective handover to me.

Overview

During the year, we reviewed the Terms of Reference of the Committee and also the Group's treasury policies. These policies ensure that the Group remains in a strong financing position and the Committee provides regular updates to the Board in respect of funding, solvency and liquidity matters. At the balance sheet date, the Group had sufficient liquidity to meet its forecast cash flow requirements in line with the Group's treasury policies.

The annual Board Performance Review process, which was facilitated internally this year, included an assessment of our performance as a Committee and I am pleased that the review concluded that we operate effectively and that the Board takes assurance from the high quality of our work.

The Board is satisfied that Committee members bring a wide range of financial experience across various industries and all members have competence relevant to our sector, with significant recent and relevant financial experience. Further information about each Committee member is contained in their individual biographies, which can be found on pages 100 to 101.

Review of the Year

During the year, the Group issued £1.5 billion of new debt and repaid £0.1 billion of maturing debt.

The Group issued two benchmark bonds during the year: in July 2024, the Group issued a £350 million sustainable fixed rate GBP bond; and in January 2025, the Group issued a €850 million sustainable fixed rate EUR bond.

The Group raised a further £100 million through a CPI debt issue and tapped three existing bonds: a €100 million tap of a EUR bond maturing in 2034; a £50 million tap of a GBP bond maturing in 2036; and a total of £175 million was tapped from a GBP bond maturing in 2042.

The Treasury Team has increased its focus on diversifying the Group's sources of funds. Debt investor roadshows were undertaken in the UK, Europe, USA and South East Asia. Subsequent to the year end, the Group completed an inaugural Swiss debt issue raising CHF200 million (£175.3 million GBP equivalent).

Sustainable finance remains a core element of the Group's funding strategy and we continue to report our alignment to the EU Taxonomy annually. You can read our EU Taxonomy disclosure on pages 55 to 59. The Group closely monitors developments in sustainable finance through its Sustainable Finance Committee, a management committee which reports to the Treasury Committee annually. We also produce an Allocation and Impact Report detailing how the proceeds of sustainable bonds issued have been utilised.

The Committee continues to monitor the Group's pension schemes, focusing on the risk management actions which are designed to ensure sufficient liquidity and appropriate interest rate and inflation hedging were maintained, whilst supporting the schemes' deficit reduction strategy.

The Committee also keeps the Group's broader hedging activities under review, and during the year looked in detail at the arrangements in place for energy and interest rate hedging.

Going forward

The conclusion of the PR24 Business Plan process during the year was an important milestone for the Treasury function. There is a step change in investment in AMP8 and the Committee has been engaged in reviewing the future funding strategy to ensure the Group's AMP8 plans will be appropriately financed. We will continue to maintain oversight of the ongoing delivery of the financing strategy for the coming year and beyond.

I would like to thank the members of the Committee, the Management Team and our debt advisers, Rothschild & Co, for the open discussions that take place at our meetings and their highly valued input in support of discharging the Committee's responsibilities.

Richard Taylor
Chair of the Treasury Committee

Treasury Committee Report continued

The Treasury Committee's agenda for 2024/25

The Committee provides Board oversight of the Group's key financing risks and opportunities. The Committee reports to the Board on the matters it has considered following each Committee meeting, and makes recommendations as appropriate.

The key areas of focus at the Committee's meetings during the year and details of our largest ever bond issuance are set out below.



Key areas of focus

Execution of the Group's financing plan and evaluation of funding opportunities, in consideration of the external operating environment, entering new financial markets and our PR24 Business Plan Final Determination from Ofwat.

Consideration of the Group's Liquidity Policy and confirmation that a 15-month policy remained appropriate.

Review of the Group's treasury policies in relation to the hedging of market risks (including energy, interest rates, inflation and currency), covenant compliance, financial counterparty credit risk and credit ratings.

Evaluation of the Group's European Medium Term Note programme and approval for bonds to be issued pursuant to that programme during the year, including a benchmark EUR fixed rate bond and a benchmark GBP fixed rate bond.

Review of the Group's Sustainable Finance Framework and associated governance.

Review of the Group's funding strategies, including interest rate strategy to support the Group in consistently outperforming the cost of debt allowance.

Review of the Group's pension schemes and oversight of the pension scheme investment strategy.

Review and approval of the Committee's Terms of Reference during the year, prior to making a recommendation to the Board. In completing its review, the Committee concluded that the Terms of Reference remained appropriate and reflected the manner in which the Committee was discharging its duties.



€850 million bond issuance

On 28 January 2025, Severn Trent Utilities Finance Plc priced an €850 million bond, raising net proceeds of just under £713 million at very tight pricing, with no new issue premium, 20bps inside the unadjusted iBoxx and inside the GBP secondary curve. This was the largest bond the Group has ever issued and was supported by an order book of over €5.5 billion. This was the Group's second recent issue to the EUR market, following a re-launch to this market with a €500 million bond in March 2024.

The bond was launched following the acceptance of the Severn Trent Water Final Determination and involved a day of marketing where management held a series of group investor presentations.

As well as providing tight pricing, the bond issue de-risks the Group's funding plan ahead of AMP8. The bond also provided diversification, with the final debt book comprising 169 investors, including 136 accounts which had not participated in the previous EUR bond. There were a number of large orders from European and Asian accounts, with 38% of the final order book originating from outside of the UK.

The proceeds were swapped into GBP with 50% swapped to fixed rates of interest and 50% to floating, enabling the Group to maintain its debt mix in compliance with the Treasury Policy approved by the Board.

Corporate Sustainability Committee Report



Tom Delay

Chair of the Corporate Sustainability Committee

All members of the Committee are Independent Non-Executive Directors of the Board, with the exception of Christine Hodgson (who was independent on appointment). Only members of the Committee have the right to attend Committee meetings. Other individuals, such as the Chief Executive, the Director of Strategy and Regulation, General Counsel and other senior management and external advisers, may be invited to attend meetings as and when appropriate. None of these attendees are members of the Committee.

The Committee is authorised to seek external legal or other independent professional advice as it sees fit, but did not need to do so during the year.

During the year, the Committee reviewed and approved the Committee's Terms of Reference, prior to making a recommendation to the Board. In completing its review, the Committee concluded that the Terms of Reference remained appropriate and reflected the manner in which the Committee was discharging its duties.

a culture of sustainability within our Group and across our sector, in the UK and beyond.

We recognise that there is still much to be done and as a Committee we are focused on driving improvements for our customers and the environment, both now and over time. This is demonstrated right across our business, from our combined Net Zero Hub and Zero Spills Hub at Strongford, to our Get River Positive pledges and unrelenting commitment to reducing storm overflows. More recently, our Business Plan for 2025-30 proposes some of the most stretching environmental targets in relation to pollutions, river health and operational net zero.

This report outlines our efforts and achievements over the past year, as well as our strategic priorities moving forward. We remain dedicated to driving positive change and contributing to a sustainable future for all.

The annual Board Performance Review, which was facilitated internally this year, included an assessment of our performance as a Committee and concluded that we operate effectively and that the Board takes assurance from the quality of our work.

The Board is satisfied that Committee members bring a wide range of experience across various industries and all members have competence relevant to our sector. Further information about each Committee member is contained in their individual biographies, which can be found on pages 100 to 101.

I would like to thank the members of the Committee for the open, constructive, ambitious and progressive discussions that take place at our meetings, and for their passion and personal commitment to our wide-ranging and purposeful agenda. These achievements are a testament to our collective efforts and dedication to sustainability.

Tom Delay

Chair of the Corporate Sustainability Committee



Documents available at severntrent.com

- Anti-Slavery and Human Trafficking Statement
- ESG Databook
- Charter of Expectations
- Committee Terms of Reference

Dear Shareholder

I am delighted to introduce my report as Chair of the Corporate Sustainability Committee.

As we reflect on the past year, it is clear that we continue to face significant challenges that impact our collective wellbeing and the environment. Climate change remains a pressing issue, with extreme weather events becoming more frequent and severe, affecting millions of lives and disrupting ecosystems. Additionally, the ongoing struggle with resource scarcity and the need for sustainable energy solutions highlight the urgency of transitioning to a more resilient and sustainable future.

Economic disparities and social inequalities have also been exacerbated by global events, underscoring the importance of inclusive growth and equitable access to opportunities. In the face of these challenges, our commitment to sustainability has never been more crucial. We have made significant strides in reducing our carbon footprint, enhancing our resource efficiency, and fostering



2025 AGM advisory vote: Net Zero Transition Plan

Demonstrating the Company's commitment to shareholders, at its 2021 AGM the Board put its long-term approach to climate change (the 'Climate Plan') before shareholders as a non-binding advisory vote which received more than 99% of votes in favour.

The Climate Plan sets out the Company's climate strategy to reduce emissions within its operations and through its supply chain. This year, we have published a revised Net Zero Transition Plan ('NZTP') for shareholder consideration, reflecting our AMP8 Business Plan Final Determination received in December 2024 from our regulator, Ofwat. Our full AMP8 Business Plan can be found on our website and an update on our sustainability progress can be found within our Annual Report on pages 28 to 59.

➤ **Further detail can also be found in the 2025 Notice of Meeting, available on our website.**

Corporate Sustainability Committee Report continued

Key activities of the Committee 2024/25

Group sustainability goals

During the year, the Committee received and reviewed regular updates and reports on performance against our sustainability goals including performance against sustainability targets and ambitions. The Committee discussed the effectiveness of the approach, ensuring its alignment with the AMP8 Business Plan, values and objectives, in order to support the Group's long-term sustainable success.

The Committee dedicated significant time to discussing the Company's NZTP, including a review of the current status of carbon reduction initiatives, progress towards our operational net zero by 2030 goals and approach to reducing capital carbon. The Committee approved the ambition to achieve net zero emissions across our operations and supply chain, Scopes 1, 2 and 3, by 2050. Our NZTP can be found on pages 44 to 54.

The Committee reviewed the opportunities and challenges presented by ESG-related risks (including ERM-related climate risks such as adaptation and mitigation) of relevance to the Group and associated impacts for the Group's stakeholders including investors, customers, regulators and employees, and the effectiveness of the Group's sustainability strategy in addressing these. Progress on our fourth Climate Change Adaptation Report and the integration of adaptation strategies into AMP8 as an essential part of building resilience were discussed, along with proposals for our AMP8 adaptation strategy.

ESG-related reward and remuneration

Working in conjunction with the Remuneration Committee, the Committee continues to offer guidance, where appropriate, in relation to ESG-related components of the Group's remuneration approach, to ensure that ESG matters are appropriately considered when setting the overall remuneration framework.

Affordability and vulnerability

Affordability and vulnerability remain critical areas of focus for the Group and the Committee continues to prioritise these topics. The Committee's agenda ensures quarterly discussions on these matters, including updates and deliberations on the Group's 10-year Societal Strategy, Customer Vulnerability Strategy and Volunteering Strategy.

During the year, the Committee dedicated time to evaluate the implementation of measures that provide an understanding of the Social Value of the Group's social impact interventions and activities. This included assessing a new programme to support 'marginalised group' recruitment as a core aspect of our Societal Strategy to drive positive change and leverage our resources to make a positive impact across our region.

The Committee received an update on the Group's Community Fund, highlighting the progress made and its effectiveness in addressing the needs of our communities and approved the proposed funding strategy and opportunities in AMP8.

Further details on the progress of our societal ambitions can be found on page 21.

ESG reporting

The Committee dedicates time at its meetings to ensure integrity and completeness of the Group's external reporting of ESG activity, targets and process, including information to be included in this Annual Report and mandatory or voluntary disclosures in line with recommended practice and regulatory requirements.

One of the ways in which Severn Trent's sustainability performance is assessed is through investor ESG ratings. These ratings play a crucial role in ensuring transparency with our stakeholders. By providing clear and measurable assessments of our performance, we enable stakeholders to understand our performance in various areas. This transparency allows them to hold us accountable in a meaningful way, ensuring that we meet their expectations and continuously improve our operations. Ultimately, these ratings help build trust and foster a collaborative relationship with our stakeholders, as they can see the direct impact of our efforts and provide informed feedback.

Throughout the year, the Committee has focused on understanding how sustainability rating agencies evaluate the Group's performance and agreed on several actions and priorities to support continuous improvement. These actions included a refresh of the Group's ESG Databook, providing stakeholders with a comprehensive view of the Group's sustainability data.



Scan the QR code to download the ESG Databook

Human rights and modern slavery

We are committed to protecting the human rights of all our employees and contractors, as outlined in our Code of Conduct, Doing the Right Thing. We have a responsibility to understand our potential impact on human rights and to mitigate potentially negative impacts. We have a range of Group policies on Human Resources, Anti-Bribery and Anti-Fraud, Whistleblowing ('Speak Up') and Procurement, as well as a Modern Slavery Escalation and Remediation Policy and a separate Anti-Slavery and Human Trafficking Statement. Our comprehensive policies ensure that we take a robust approach to protecting human rights.

Our full Anti-Slavery and Human Trafficking Statement can be found on our website.



Scan the QR code to download Anti-Slavery and Human Trafficking Statement



Our TCFD and TNFD disclosures

In line with our TCFD requirements, we have disclosed climate-related financial information on pages 29 to 43. These disclosures evidence our strategy to reduce emissions within our operations and through our supply chain to achieve operational net zero by 2030.

This year, we have expanded our disclosure to voluntarily include the recommendations of the TNFD to provide clarity on nature-related risks and opportunities relevant to our Group.



Tittesworth Reservoir

Directors' Remuneration Report



Sharmila Nebhrajani OBE
Chair of the Remuneration Committee

On behalf of the Remuneration Committee of Severn Trent (the 'Committee'), I am pleased to present our 2025 Remuneration Report. This report explains the remuneration outcomes for our Executive Directors and the wider workforce for the financial year ended 31 March 2025, including how we ensure strong alignment to the performance delivered for our stakeholders.

This year, we operated under the Remuneration Policy (the 'Policy') approved at the 2024 AGM by over 95% of our shareholders. The Policy can be found on our website (www.severntrent.com). I would like to thank our shareholders for their continued strong support for our approach to executive remuneration.

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Our approach to pay into AMP8

The Severn Trent Senior Management Team has delivered sector-leading performance across AMP7 and remains fully engaged in confronting sector challenges head on and leading significant change in the areas that matter most to our customers, regulators and the Government. The team has demonstrated an unwavering commitment to pushing the boundaries of sector ambition and performance, and this has been reflected in Ofwat's assessment of our AMP8 Business Plan as 'outstanding', one of only two companies in the sector to receive this accolade.

Following the publication of our Final Determination in December 2024, we now have clarity on exactly what our Executive Committee must deliver in an incredibly ambitious AMP8 plan for the next five years (see page 5). The Committee is acutely aware that retaining an experienced, stable and highly effective leadership team is critical to the successful delivery of that plan, and is focused on ensuring that Executive remuneration arrangements continue to support high performance and can be clearly articulated and justified to internal and external stakeholders.

The public spotlight is firmly on our sector, with a range of issues having received extensive media and political attention, from environmental performance and leakage, to bills and financial

resilience. As a Committee, we understand that Executive pay in the sector also remains a topic of great sensitivity. Whilst we recognise that the sector needs to rebuild trust on this issue, the Committee firmly believes that carefully structured remuneration packages play a crucial role in the attraction, retention and motivation of a high calibre leadership team, capable of delivering our hugely ambitious AMP8 plans, and driving rapid and sustained performance improvements for customers and the environment.

The Committee cannot ignore the need for remuneration packages to be competitive – against other listed water companies, listed utilities and indeed relevant FTSE100 comparators. Severn Trent is a complex business, employing almost 10,000 people, and is around the 50th largest company on the London Stock Exchange by market capitalisation. It requires a committed and talented leadership team to run it effectively and deliver exceptional performance for customers and the environment. Our day-to-day operations ensure we deliver safe and reliable water and wastewater services to 4.7 million households and businesses, whilst managing the safety and wellbeing of our employees. Our operations are conducted amidst the increasingly demanding backdrop of climate change, population growth, customer affordability challenges and a heightened ambition to minimise the impact our operations have on the environment.

We also operate within a complex regulatory environment, managing ongoing relationships and obligations with a number of agencies and other stakeholders. All of this is required alongside the efficient and innovative delivery of a large and complex capital programme and the careful management of our capital structure, to ensure strong financial resilience and returns for investors, including many UK pension funds.

The nature of these demanding Executive roles means we are competing for talent with some of the largest companies in the UK and our remuneration packages need to be competitive in that context, or else we will simply fail to attract the high-calibre individuals needed to continue to improve standards across the sector. For more detail on how we benchmark Executive remuneration, please see the case study on page 140.

We are committed to robust and transparent remuneration structures which are market competitive, align with the interests of all our stakeholders, and reflect the regulatory environment in which we operate. We also ensure the cascade of the reward framework down throughout the different levels within our organisation. This includes our Group Annual Bonus Scheme ('ABS'), which enables all our people to share in our success through the delivery of a shared set of performance metrics and targets, and our Save As You Earn Scheme, allowing all employees to share in the long-term success of the Company. This benefit is very popular, with 70% of employees actively participating in one or more savings contracts.

Although we completed our triennial review of the Remuneration Policy last year, the Committee was mindful that the 2024 review fell at a time when much was still unknown about the challenges and opportunities of AMP8. This year, with the retention and motivation of the Executive Directors through AMP8 being a top priority, the Committee spent a significant amount of time reviewing remuneration structures, to ensure they remain optimally structured and balanced for this purpose, with a view to undertaking a shareholder consultation on a potential AMP8 Remuneration Policy in early 2025.

However, during this review, Ofwat published a consultation in October 2024 on a new set of rules to prohibit the payment of performance-related executive pay where company performance fails to meet specified standards. Following the Water (Special Measures) Act passing into law, Ofwat published a further consultation in March 2025. As at the date of this report, the consultation is ongoing, and Ofwat is not expected to confirm the final output until June 2025.

Directors' Remuneration Report continued

Therefore, given insufficient clarity on the precise nature and requirements of the new rules, and how they will impact pay structures in the sector for AMP8, the Committee determined that it was necessary to defer the finalisation of the Policy review, and associated shareholder engagement, to the next remuneration reporting cycle in 2025/26.

Performance for the year under review

Severn Trent concluded AMP7 with another exceptional year of performance, delivering across a wide range of key performance metrics for our customers, communities and the environment. The Committee is pleased to note that the strong delivery in 2024/25 is the culmination of five years of excellent performance, including being sector leader on ODIs in every year of AMP7, as well as achieving EPA 4* for five consecutive years, and receiving approval from Ofwat for our 'outstanding' AMP8 Business Plan.

With environmental performance in the water sector being subject to increased levels of scrutiny, the Committee was particularly pleased to see the Company delivering a sector-leading performance once again. We are confident of achieving the prestigious EPA 4* rating for an unprecedented sixth consecutive year. Severn Trent also made great strides towards meeting its 2030 net zero target, both this year and across AMP7, through further growth in our renewable energy generation capabilities and investment in our Strongford Net Zero Hub to support innovative emission reductions.

Improving the service our customers receive remained firmly on the agenda, and whilst we are disappointed that the customer experience measure ('C-MeX') score remained mid-table, the Committee is proud of the results the Company achieved this year across a range of ODIs, which we know are areas that really matter to our customers. The Company achieved its best ever performance on supply interruptions, beating the stretching five minute target, with an impressive performance of 4 minutes 34 seconds, an improvement of over 30% compared to last year. This continued the encouraging trend we have seen through AMP7, where water supply interruptions have reduced by nearly 40% since 2020.

We were also pleased to see a year-on-year annual leakage reduction of 28 ML/d, achieving the Company's lowest ever level of leakage. This concluded an impressive performance across AMP7, where a 16.8% reduction in leakage was achieved. Our best ever performance was also recorded on both persistent low pressure and sewer blockages metrics. Read more on pages 14 to 18.

Supporting customers who struggle to pay has remained a priority, so we were pleased to note that in 2024/25, Severn Trent supported over 300,000 customers struggling to pay their bills, through a range of schemes including social tariffs, debt write-offs and payment breaks.

In addition to these important performance improvements, the Company made some significant investment decisions and took meaningful steps during the year, which positions us to deliver a step change in customer experience as we move into AMP8. The partnership with Kraken Technologies is one such example which, alongside the implementation of a new 'customer pods' operating model, will revolutionise customer management and drive significant improvements in customer experience. Implementation is well underway, and it is anticipated that all customers will have been migrated by summer of this year.

The Company has embarked on a significant programme of insourcing to bring greater control and faster resolution of customer issues. This year, activity included bringing the Reactive Sewer Services Team in-house and establishing a new customer contact centre in Leicester, to reduce our reliance on third parties. The Committee is pleased that the positive outcomes of these decisions are starting to be seen, with the Reactive Sewer Services operation now resolving jobs three times faster, and with 45% fewer complaints, and our new Leicester customer contact centre increasing our ability to flex and adapt to customer needs and improve service levels.

The Committee is mindful of the importance of financial resilience for the sector, and how imperative it is that water company finances are managed responsibly and sustainably in order to fund the capital investment needed over the next AMP. During the year, Severn Trent delivered a profit before interest and tax ('PBIT') of £590 million and maintained a strong balance sheet, an investment grade credit rating, and diversified sources of funding, which enabled financial outperformance against the regulatory allowance. Furthermore, Severn Trent delivered £150 million of ODI reward, which contributed towards a Return on Regulated Equity ('RoRE') of 9.3%.

The Committee is also pleased to see the Company continue to demonstrate commitment to employee satisfaction, with an engagement score in the top 2% of utilities globally and being voted as one of the UK's best employers, ranking 29th of over 2.8 million employers on Glassdoor. The Company's ambition to improve the communities it serves has also been demonstrated through its Societal Strategy, aimed at supporting those at risk of water poverty to find employment. Our focus has been on skills development, training, and employment across areas of high deprivation within our region, with specific initiatives for those facing barriers to employment. Our school partnerships, job fairs, work experience programmes, and Discovery Days have enabled us to improve the chances of large numbers of people in our communities.

Further detail on overall performance during the year is set out in the Chief Executive's Review on pages 10 to 11 and the Chief Financial Officer's Review on pages 61 to 67.

Having reviewed at great length the Company's performance in 2024/25 across a broad spectrum of topics, we are united in our view that the performance-related pay outcomes for the year fully reflect the outstanding financial, operational and environmental performance delivered. More detail on this assessment is provided on page 136.

2024/25 bonus outcome

A consistent bonus design operates throughout the organisation, the full detail of which is set out on page 142. In 2024/25, Severn Trent delivered strong outturns across the majority of the performance metrics.

On the PBIT element of the bonus, strong cost control, including a reduction in energy and chemical consumption, helped deliver 15% PBIT growth year on year, to £590 million. As a result, this metric paid out at full stretch.

The ODI component aims to drive our performance against a broad range of important customer and environmental metrics, developed in conjunction with our customers and agreed with Ofwat. This year, Severn Trent delivered another outstanding performance, with 83% of our ODI measures meeting or exceeding stretching regulatory commitments, which helped deliver a record level of reward of £150 million in 2024/25. We expect this strong performance to be sector leading. As a result of the significant reward levels, this metric paid out at full stretch.

On the EPA rating metric, our continued delivery of strong overall environmental performance means we are confident of achieving EPA 4* for an unprecedented sixth consecutive year. Despite this exceptional overall performance, this element was designed to lapse in the event of a single serious pollution incident occurring in the year. Regrettably, we did incur one such incident in 2024/25, which the Environment Agency ('EA') has classified as a Category 2 pollution. While the Company is appealing this classification, on the basis that our internal investigation did not identify evidence of any harm caused, this nevertheless resulted in this element of the bonus being reduced from 10% to a zero payout.

The bonus included two combined sewer overflow ('CSO') measures in 2024/25, reflecting our commitment to driving performance in this key area. We were encouraged to see the delivery of over 1,200 CSO solutions in the year, significantly exceeding the stretch performance level set. These enhancements will help us tackle spills more effectively going forwards, and drive improvement in our average spills as we move through AMP8. On the average spills measure, the outturn of 25.4 spills missed the threshold performance level, resulting in zero payout for this metric.

The fact that two elements of the bonus structure related to environmental performance will pay out at zero this year, despite Severn Trent being confident of achieving an unprecedented sixth consecutive EPA 4* rating, demonstrates the stretch and granularity of our performance management framework, and the Committee's focus on broader environmental performance beyond the EPA framework.

Finally, with the safety of our workforce remaining a key priority, the Committee considered the Group's health and safety performance, more of which can be read about on page 20 and in the Committee's Performance in the Round assessment on page 136. The lost time incident ('LTI') rate outturn on this metric, of 0.09, resulted in full stretch being achieved.

Based on this performance overall, the bonus paid out at 82.5% of maximum opportunity, equivalent to 99% of salary for both the CEO and CFO. Half of this will be deferred into Severn Trent shares for three years. The cascade of our reward framework through the whole organisation, including the ABS, ensures that all our people, who have been instrumental to the success of the Company this year, will benefit from the strong performance against the bonus metrics.

2022 Long Term Incentive Plan ('LTIP') vesting

The standard RoRE element, which represented 60% of the 2022 LTIP award, measures the Company's performance against the price review incentives defined by Ofwat for AMP7, reflecting our combined performance on totex, customer ODIs and financing. Over the three-year performance period of the 2022 LTIP, the Company achieved an average RoRE of 2.48x against the target of 1.39x the base RoRE return. As a result of this significant outperformance of Ofwat's expectations, this element of the award will vest in full.

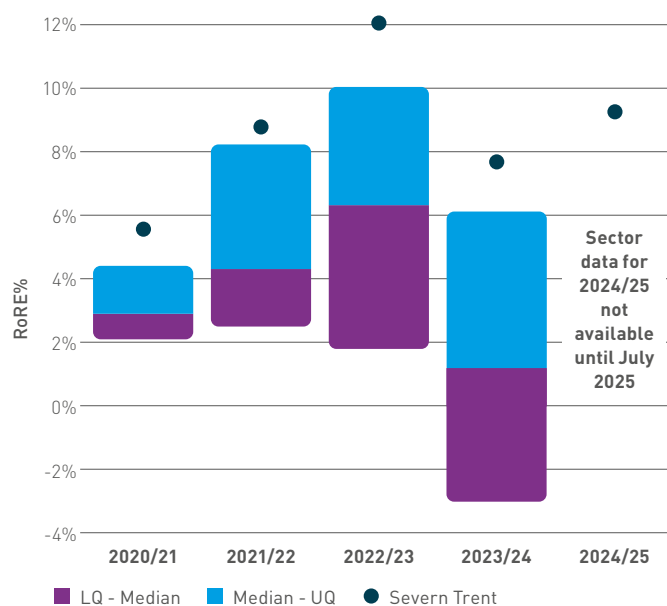
The 2022 LTIP was the second award to include a sustainability element with targets aligned to our Triple Carbon Pledge and external Science Based Targets commitments, worth 20% of the maximum award. The award measured the Company's performance against four different metrics aligned with our environmental commitments to reach net zero carbon emissions by 2030. Based on the strong performance against all four of these measures over the three-year period, this element will also vest in full.

The remaining 20% of the 2022 LTIP award is based on achieving upper quartile ('UQ') RoRE performance when measured against other companies in the water sector. The outcome will not be confirmed until July 2025 and will therefore be reported in our 2025/26 Directors' Remuneration Report.

2021 UQ LTIP vesting

Vesting under the UQ RoRE element of the 2021 LTIP award was confirmed in July 2024, when comparable statistics for the other water and sewerage companies ('WaSCs') were published. As shown in the following chart, we now know that Severn Trent achieved UQ performance, and therefore the UQ element of the 2021 LTIP award vested in full. This was the fourth consecutive year in which the UQ RoRE element has vested in full, reflecting our sustained outperformance of the wider sector.

Severn Trent RoRE performance versus the sector



Assessment of Performance in the Round

In overseeing remuneration outcomes for both the bonus and LTIP, the 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 so doing, the Committee assesses the extent to which formulaic incentive outturns are justifiable and explainable in the context of overall performance for customers, shareholders, communities and the environment.

We have demonstrated again this year that we are one of the sector's leading performers, as evidenced by a range of measures, including:

- confident in achieving EPA 4* in the EA's annual assessment for an unprecedented sixth consecutive year;
- 83% of our ODI measures are in line with or exceeding our regulatory targets, including those that measure leakage, water quality complaints and sewer blockages;
- customer innovation delivered, through a rapid implementation of the Kraken customer management system and further insourcing of key operational activities;
- delivery of a record £1.7 billion of capital investment in 2024/25, driving better outcomes for our customers and the environment, positioning us well for AMP8 delivery, and delivering Regulatory Capital Value ('RCV') growth; and
- continued strong financial resilience, through stable, investment grade credit ratings and gearing below the sector average.

The Committee's full assessment of Performance in the Round is set out in detail on page 136.

Following the assessment of Performance in the Round, the Committee concluded that outcomes for both the annual bonus and LTIP appropriately reflected Severn Trent's sector-leading performance over the relevant periods. Given that several elements of the bonus structure paid out at zero, no further exercise of discretion was required to override the formulaic outturn of either the 2024/25 annual bonus or the standard element of the 2022 LTIP award.

Directors' Remuneration Report continued

Remuneration for the year ahead

Base salaries and fees

Negotiations for the salary increase for the wider workforce are ongoing as at the date of this report. Recognising that the wider workforce increase is an important reference point in the decision, salaries for the Executive Directors and fees for the Chair and Non-Executive Directors for the year ahead have yet to be determined. However, it has been agreed in principle that percentage increases will be no higher than that agreed for the wider workforce.

2025/26 bonus

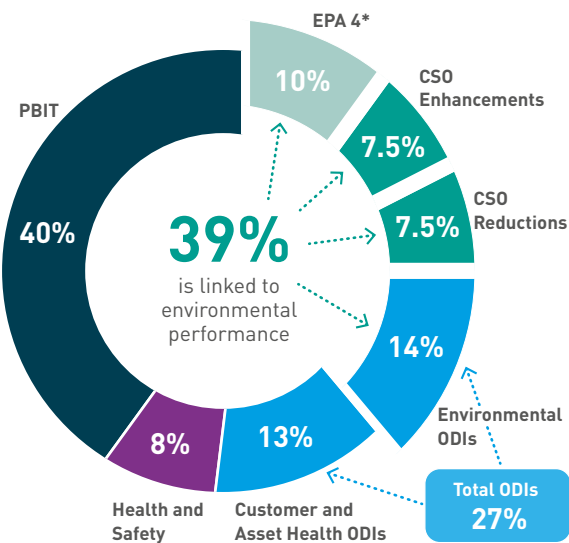
The Committee made some important changes to the structure of the bonus as part of the 2024 Policy review, which specifically aimed to strengthen the link between environmental performance and Executive pay, to help drive performance improvements further and faster. These changes also aligned our structure to the ambitions of Ofwat, that at least 50% of performance-related pay is linked to delivery for customers and the environment.

These changes included an increased weighting of the EPA 4* rating measure from 5% to 10% and an increase to the CSO measure from 12% to 15%. When combined with the environmental ODIs for 2024/25, this means that 35% of the annual bonus was linked to measures directly relating to environmental performance and river health (as defined by our performance on Reasons for Not Achieving Good Ecological Status ('RNAGS')). The Committee reflected on the structure of the bonus again this year, and concluded that it remains appropriate and incentivises performance in the right areas for 2025/26.

Although we are not changing the structure of the 2025/26 bonus, the new suite of ODIs set by Ofwat for AMP8 will have the effect of increasing the environmental proportion of the bonus, due to an increase in the proportion of environmental ODIs, which now make up just over a half of our total ODIs. This means that 14% of the bonus relates to environmental ODIs, which, when combined with the 10% for EPA 4* and 15% for CSO measures, results in 39% of the annual bonus being linked to measures directly relating to environmental performance and river health. As in 2024/25, an underpin will apply to the EPA 4* element of the bonus, which requires Severn Trent to be green (achieving target or better) against the serious pollutions metric within the EPA assessment.

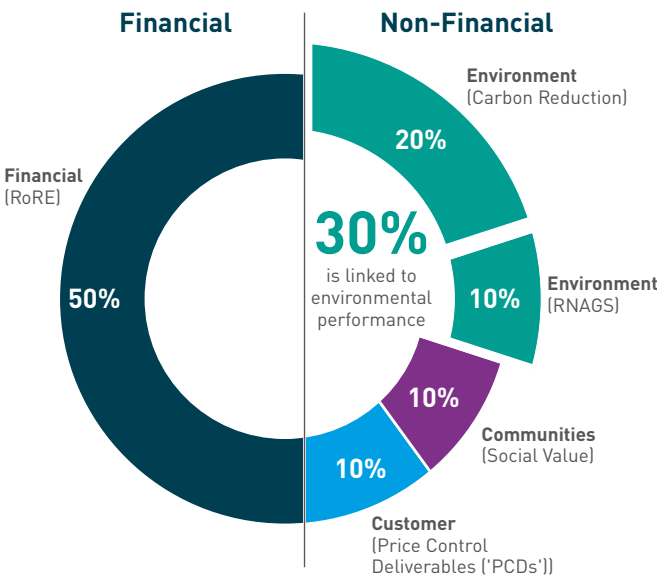
Details on how targets were set and why we think they are stretching are set out on pages 139 and 145.

The maximum bonus opportunity will be 120% of salary for the Executive Directors in line with the Policy, with performance conditions remaining consistent throughout the organisation.



2025 LTIP

As with the annual bonus, significant changes were made to the LTIP structure as part of the 2024 Policy review, which aimed to deliver a more balanced outcome and drive long-term performance for all our shareholders, and was achieved through increasing the weighting of non-financial measures to 50%. The non-financial measures consist of a selection of environment, customer and community measures to ensure the interests of all of our stakeholders are considered. The Committee reviewed the revised structure and determined that it remains fit for purpose. The performance measures and weightings for the 2025 LTIP award are set out in the chart below.



It is the Committee's view that the specific targets which have been set are suitably challenging and aligned with the Company's strategy and Business Plan. Further detail on the targets can be found on page 139.

The Committee will assess the value of the 2025/26 annual bonus and the 2025 LTIP award at the end of their respective performance periods, and will ensure that the final outturn reflects all relevant factors, including an assessment of broader Performance in the Round.

Board changes

With Kevin Beeston having retired from the Board on 30 April 2025, we have appointed Nick Hampton to become the new Senior Independent Director, and he has also joined the Remuneration Committee. As well as the insight provided from his time as Chief Executive Officer of Tate & Lyle Plc, Nick also has strong Non-Executive Director experience and will be a great addition to the Committee. We also welcomed Richard Taylor to the Committee in April 2024, who has brought a fresh perspective and provided valuable contributions to the challenging debates we have had this year.

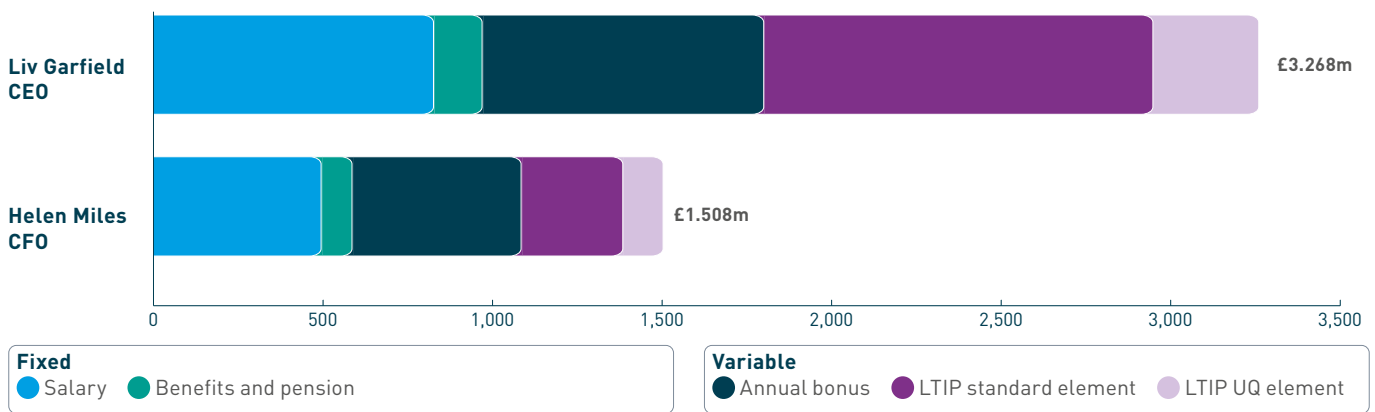
I would like to take this opportunity, on behalf of the Committee and indeed the whole organisation, to personally thank Kevin Beeston for the great wisdom and insight he has provided to the Committee during his tenure.

We remain committed to maintaining an ongoing and transparent dialogue with our major stakeholders. I hope that we can rely on your vote in support of our approach to remuneration and I look forward to engaging with you on our next Remuneration Policy later this year. If you would like to discuss any aspect of this report, I would be happy to hear from you. You can contact me through our Group Company Secretary.

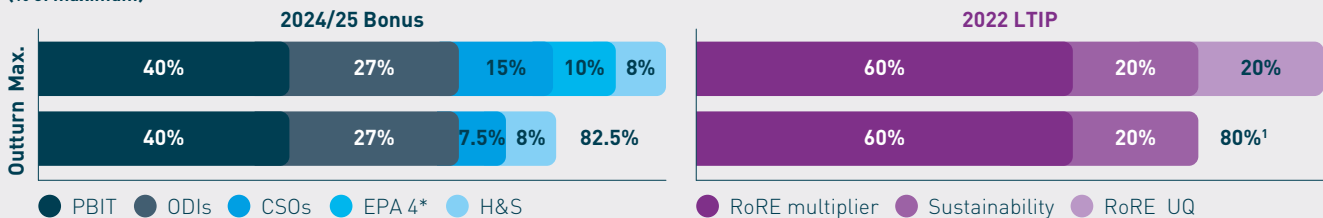
Sharmila Nebhrajani OBE
Chair of the Remuneration Committee

Remuneration for the Year in Review, at a Glance

2024/25 single figure outcomes (£'000)

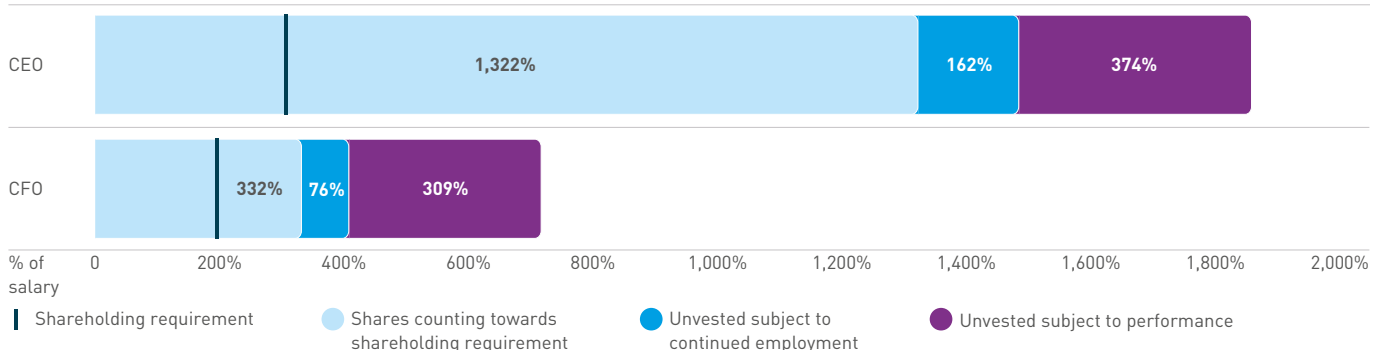


Performance-Related Pay Outcomes (% of maximum)



¹ The outcome of the RoRE UQ stretch element (20%) will not be known until July 2025, when comparative RoRE performance is published by Ofwat.

Executive Director shareholdings % of base salary



For further detail on all of the charts above, see the Annual Report on Remuneration section on pages 147 to 154.

Safeguards

Stretching performance targets

Ensuring Performance-Related Pay ('PRP') outcomes reflect appropriate levels of outperformance. See more detail on page 139.

Performance in the Round assessment

Confirming formulaic outcomes are appropriate and justified in the context of broader business performance.

Deferral and holding periods

50% of bonus deferred into shares, with a three-year holding period. Vested LTIP shares are subject to a two-year holding period.

Minimum shareholding requirements

300% of salary for the CEO, and 200% for the CFO. Post-employment shareholding requirement to retain in-employment shareholding for two years.

Malus and clawback provisions

Allowing the Committee to reduce or recoup any past incentive payments if new information emerges.

Performance in the Round for 2024/25

In overseeing remuneration outcomes, the Committee ensures that performance is assessed in the round and over time through a number of lenses, incorporating a variety of stakeholder perspectives. This assessment examines whether formulaic incentive outcomes are justifiable and explainable in the context of overall business performance for customers, the environment and wider stakeholders. 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.

The schematic below sets out a summary of the key data points that the Committee considers as part of their 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, shareholders and wider stakeholders.

Factors considered by the Committee	
Delivery for customers	<p>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.</p> <p>Deep dives were provided on the following key areas:</p> <ul style="list-style-type: none"> – 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	<p>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:</p> <ul style="list-style-type: none"> – 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	<p>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:</p> <ul style="list-style-type: none"> – Gearing and financial resilience. – Capital delivery and investment. – RCV growth. – Shareholder experience.
Impact on our communities	<p>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:</p> <ul style="list-style-type: none"> – 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	<p>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:</p> <ul style="list-style-type: none"> – 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. Read more on page 20.
Stakeholder relationships	<p>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.</p>

Independent assessment

An independent assessment of Performance in the Round was provided by the Committee's independent external remuneration advisers.

Decision in determining whether any adjustment is required to remuneration outcomes







Following this review, the Committee confirms that the overall outcomes of the annual bonus and LTIP are appropriate, justifiable and explainable, and that the Policy has operated as intended.

Summary of Remuneration Policy and Implementation for 2025/26





The Company's 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 stakeholder interests.

The tables below illustrate the balance of pay and time period of each element of the Policy for Executive Directors, and presents how we plan to implement the Policy in 2025/26.

Total pay over five years	Year 1	Year 2	Year 3	Year 4	Year 5
Fixed pay	Salary, benefits and pension				
Annual bonus (Malus and clawback provisions apply)	50% in cash	50% in shares Three-year deferral period No further performance conditions			
LTIP (Malus and clawback provisions apply)	Up to 200% of salary Three-year performance period			Two-year holding period No further performance conditions	
Shareholding requirement	Executive Directors' minimum shareholding requirement				

Policy element	Purpose, operation and opportunity levels	How we plan to implement the Policy in 2025/26
Fixed pay elements		
Base salary  Y1 Y2 Y3 Y4 Y5	<p>To recruit and reward Executive Directors of a suitable calibre for the role and duties required.</p> <p>Salaries are reviewed annually and increases normally take effect from 1 July. Set with reference to:</p> <ul style="list-style-type: none"> – individual performance; – experience and contribution; – developments in the relevant employment market; – Company performance and affordability; – wider economic environment; and – internal relativities. <p>Any increase will generally be no higher than the average increase for the workforce. Higher increases may be proposed in the event of a role change or promotion, or in other exceptional circumstances.</p>	Executive Directors salaries will increase by no more than the increase for the wider workforce, and will be effective from 1 July 2025.
Benefits  Y1 Y2 Y3 Y4 Y5	<p>To provide competitive benefits in the market to enable the recruitment and retention of Executive Directors.</p> <p>Benefits typically include green travel allowance, family-level private medical insurance, life assurance, personal accident insurance, health screening, an incapacity benefits scheme and other incidental benefits and expenses.</p> <p>The value of benefits is based on the cost to the Company and there is no pre-determined maximum limit. The range and value of the benefits offered are reviewed periodically.</p>	Normal company benefit provision.
Pension  Y1 Y2 Y3 Y4 Y5	<p>To provide pension arrangements comparable with similar companies in the market to enable the recruitment and retention of Executive Directors.</p> <p>A defined contribution scheme and/or cash supplement in lieu of pension.</p> <p>For current Executive Directors, the Company contribution and/or cash allowance is 15% of salary. This aligns pension contribution quantum for all Executive Directors with the maximum 15% contribution available to members of the Severn Trent Group Personal Pension (the majority of the wider workforce).</p> <p>For any new recruit, the contribution will be up to a maximum of 15% of salary.</p>	Executive Director pension arrangements are as follows: CEO – 15% of salary CFO – 15% of salary
Variable pay elements		
Annual bonus Up to 120% of salary  Y1 Y2 Y3 Y4 Y5	<p>To encourage improved financial and operational performance, and to align the interests of Executive Directors with shareholders through the partial deferral of payment into shares.</p> <p>Bonuses are based on financial, operational, customer and environmental performance. Performance measures and targets are selected annually.</p> <p>50% of the bonus is paid in cash and 50% is deferred into shares which vest after three years (with the value of any dividends rolled up and paid on vesting). There are no further performance targets on the deferred amount.</p> <p>Malus and clawback mechanisms apply for three years from the payment of the cash bonus or the grant of deferred shares.</p> <p>Maximum award of 120% of salary for the CEO and CFO.</p> <p>For threshold performance, 0% of maximum opportunity will be paid. For target performance, 50% of maximum opportunity will be paid.</p>	Performance measures (as a % of maximum): Group PBIT – 40% Customer and Environment ODIs – 27% CSOs – 15% EPA 4* – 10% (with a binary underpin, requiring the EPA serious pollutions metric to be green) Health and Safety – 8%
50% paid in cash  Y1 Y2 Y3 Y4 Y5		
50% deferred  Y1 Y2 Y3 Y4 Y5		The Committee considers the forward-looking targets to be commercially sensitive but full disclosure of the targets and performance outcome will be set out in next year's Directors' Remuneration Report.

Summary of Remuneration Policy and Implementation for 2025/26 continued

Policy element	Purpose, operation and opportunity levels	How we plan to implement the Policy in 2025/26
Variable pay elements (continued)		
LTIP Up to 200% of salary  Y1 Y2 Y3 Y4 Y5 Five-year period  Y1 Y2 Y3 Y4 Y5	<p>To encourage strong and sustained improvements in operational and financial performance, in line with the Company's strategy and long-term stakeholder value.</p> <p>Awards are granted annually and are subject to one or more performance conditions assessed over a three-year performance period.</p> <p>Awards made to Executive Directors are subject to a two-year holding period post vesting which continues to operate post cessation of employment.</p> <p>Malus and clawback mechanisms apply within three years of vesting.</p> <p>The value of dividends paid on the shares comprising the award will be rolled up and paid on vesting.</p> <p>Maximum award opportunity up to 200% of salary. Up to 19% of the LTIP award may vest for threshold performance.</p>	<p>Grant levels: CEO – 200% of salary CFO – 175% of salary</p> <p>The 2025 LTIP awards will be based on the performance measures and targets as set out below this table.</p> <p>See page 151 for further detail on LTIP awards to be granted.</p>
Other Policy elements		
All-employee share plans Up to £500 per month for 3 or 5 years  Y1 Y2 Y3 Y4 Y5	<p>To encourage widespread employee share ownership to enable employees to share in the success of the business.</p> <p>The Executive Directors are able to participate in HMRC tax advantaged all-employee share plans on the same terms as other eligible employees.</p> <p>The maximum limits under the plans are as set by HMRC.</p>	<p>In line with all employees.</p>
Shareholding requirement  Y1 Y2 Y3 Y4 Y5	<p>To encourage strong shareholder alignment both during and after employment with the Company.</p> <p>The CEO is expected to build and maintain a holding of shares to the value of 300% of salary, and other Executive Directors 200% of salary.</p> <p>Executive Directors are expected to retain all of the net of tax number of shares they receive through the LTIP and deferred share bonus until the shareholding requirement has been met.</p> <p>A post-employment shareholding requirement applies to Executive Directors who leave the Company. Leavers will have a requirement to maintain their in-employment shareholding requirement (or actual shareholding, if lower) for two years following cessation of employment. This requirement applies to shares acquired under share plan awards granted following approval of the 2021 Policy.</p>	<p>CEO – 300% of salary CFO – 200% of salary</p> <p>Post-employment shareholding requirement applies.</p> <p>See pages 151 to 152 for further details on shareholding requirements and outstanding share awards.</p>

2025 LTIP award – measures and targets

The financial element of the LTIP has a weighting of 50% and is based on RoRE, which measures the Company's performance against the regulatory incentives defined by Ofwat, including totex, customer ODIs and financing. Target payout is based on achieving a RoRE of 7.4%, which is equivalent to 1.39x Ofwat's base return for AMP8, of 5.3%. To achieve stretch payout on RoRE, Severn Trent must be upper quartile compared to the other WaSCs in the sector.

The performance targets for the non-financial elements of the 2025 award will be as follows:

Measure	Sub-measure	Weighting	Stretch target details	Threshold	Target
Environment	Scope 1 and 2 emissions reduction	10%	Achieving a cumulative reduction in our Scope 1 and 2 emissions of 46% against the 2019/20 baseline (of 508.4 kT) by 31 March 2028.	34% reduction	40% reduction
	Self-generation	10%	Achieving an outturn of 313 GWh additional generation from the 2019/20 baseline of 486 GWh, enabling a minimum total renewable generation of 799 GWh by 31 March 2028.	Total generation of 751 GWh	Total generation of 775 GWh
	RNAGS	10%	Achieving a cumulative reduction of 89 RNAGS by 31 March 2028.	Reduction of 59	Reduction of 74
Customer	PCDs	10%	To have all in-flight PCDs on track vs the phased milestones as per the milestones agreed with Ofwat in the PR24 Final Determination.	70% on track	85% on track
Communities	Social Value	10%	To generate a Social Value of £13 million between 1 April 2025 and 31 March 2028.	£10 million	£11.5 million

The Committee will assess the value of the 2025 LTIP awards at vesting and will ensure that the final outturn reflects all relevant factors, including consideration of underlying performance, experience of our key stakeholders, and progress towards the achievement of our Triple Carbon Pledge.

Aligning our Performance-Related Pay Structures with our Stakeholders and Strategic Ambitions

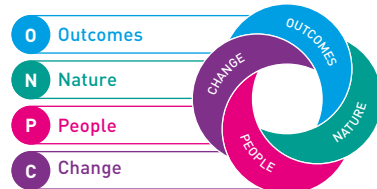
The approach to remuneration across the Group ensures all employees are rewarded and incentivised to deliver Severn Trent's 'performance driven, sustainability led' strategy. Delivering against this strategy is critical to the creation of long-term value for our stakeholders: customers, communities, employees, shareholders, suppliers, contractors and regulators.

In determining the right performance measures for our incentive plans, the Committee seeks to strike a balance between short- and long-term financial, operational and sustainability goals. As we are a long-term business, actions taken in a single year flow through to longer-term performance.

We operate a consistent bonus scheme across the Group, which reflects our belief that all our employees play a part in the creation of value for our stakeholders.

The diagram below illustrates the performance measures that we use within our incentives and explains how they help deliver the Company's strategic goals as well as delivering balanced outcomes for all of our stakeholders, driving long-term performance for the benefit of all groups.

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.

Executive Remuneration Benchmarking and Review of Peer Group

Recognising the huge ambition within Severn Trent's long-term plans, the Committee is acutely aware of the need to retain, attract and motivate an experienced and highly-effective leadership team that can deliver the changes and improvements required. With this in mind, the Committee performed a review of the benchmarking approach, to help ensure Executive Director remuneration packages remain competitive against an appropriately selected peer group.

The starting point for our peer group was companies ranked between 30 and 100 in the FTSE by market capitalisation (the 'FTSE 30-100'), recognising that most of these companies were smaller than Severn Trent (currently ranked around 50th).

We then took into account the nature of the business and its perceived complexity. Severn Trent is by no means a simple business, with our Executive Directors having critical responsibilities to deliver safe and reliable water and wastewater services to 4.7 million households and businesses, manage and motivate a growing workforce of nearly 10,000 employees and deliver a significant step up in capital investment programmes during AMP8. This is done within a complex regulatory environment, requiring the careful management of a wide range of stakeholders, and amidst the increasingly demanding backdrop of climate change, population growth, customer affordability challenges, an ageing network of assets and a heightened ambition to minimise the impact our operations have on the environment.

Nevertheless, we acknowledge that some companies within the FTSE 30-100 could be argued to operate a sufficiently different type of business to warrant exclusion from the group. After careful consideration, the Committee decided to remove those within the financial services sector and those with significant global exposure.

The following chart shows that Severn Trent is one of the largest companies in the peer group by market capitalisation, positioned above the upper quartile.

Market capitalisation (£bn)

● Severn Trent (£7.6bn)

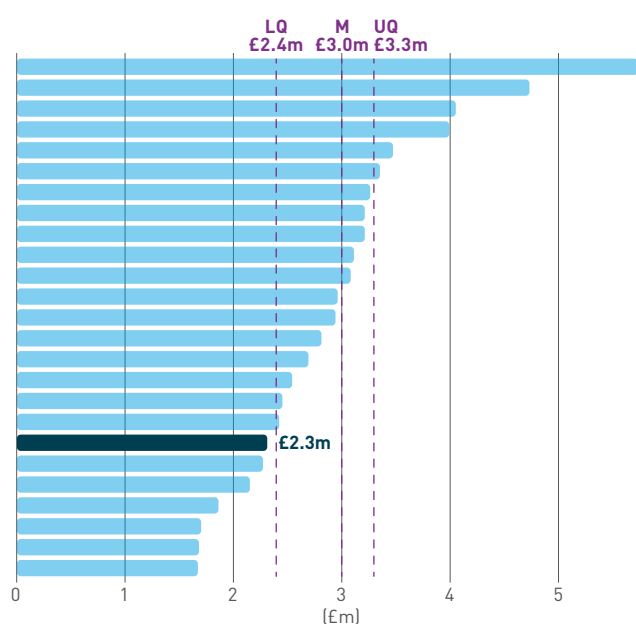
Upper Quartile (£7.1bn)

Median (£5.5bn)

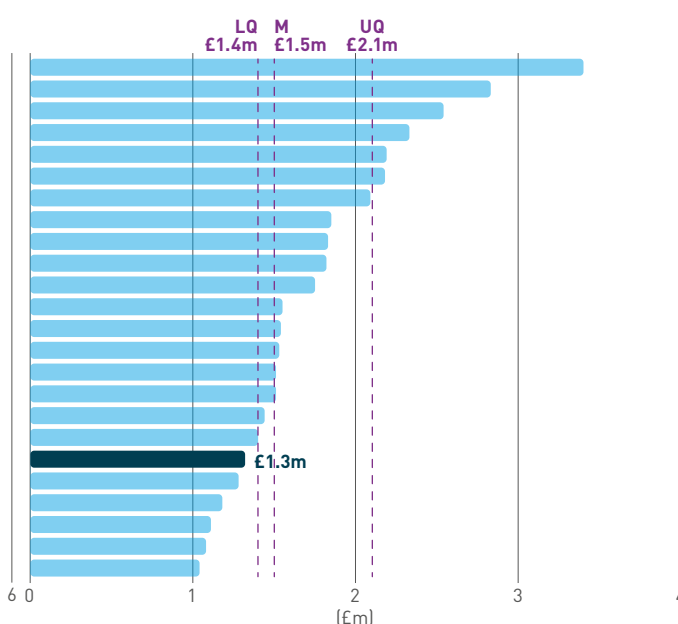
Lower Quartile (£4.6bn)

The analysis is based on total target compensation, which comprises salary and pension, as well as short and long-term incentives, and assumes that incentives pay out at 50% of maximum. As illustrated by the two charts below, the target total compensation packages for the CEO and CFO are currently positioned around the lower quartile of the group. The Committee will keep this under review as we progress into AMP8.

Total compensation benchmarking – target CEO



Total compensation benchmarking – target CFO



The FTSE 30-100 group, after exclusions, includes: Associated British Foods, Auto Trader, B&M European Value Retail, Barratt Redrow, Berkeley Group, BT, Centrica, Entain, Frasers, Howden Joinery, Imperial Brands, J Sainsbury, Kingfisher, Land Securities, Mondi, Next, Persimmon, Rightmove, Segro, Taylor Wimpey, Unite Group, United Utilities, Vistry and Whitbread.

Wider Workforce Considerations and our Approach to Fairness

We recognise how critical our people are in delivering improvements for our customers, the environment, and wider stakeholders, and as such, we seek to create an inclusive working environment, reward our employees in a fair and equitable manner, and provide fulfilling careers.

The Severn Trent culture is fundamental to our success as a business. We want our people to feel they are in a work environment which enables everyone to contribute fully and be the best they can be. We are proud of our achievements, with our annual employee engagement score being the highest it has ever been, placing us in the top 2% of energy and utility businesses globally.

The Committee and management are committed to fair pay across the organisation. We continue to see diversity and inclusion as central to everything we do, and we are pleased to see the commitment that

management have in reducing pay gaps. More detail can be found on our pay gaps on page 144.

To ensure the voice of our employees is heard, we have an active Company employee forum which meets every quarter to discuss business challenges and opportunities. The Company Forum is chaired jointly by a member of the Executive Committee and the Trade Unions. Members include representatives from HR, joint Trade Unions and employees from our other business area employee forums. The objectives of the Company Forum are to:

- involve employees by sharing information on the future of our business and the water industry;
- work together on issues that affect our employees; and
- work in partnership to deliver better solutions to improve the way we work.

All of our employees benefit from:



Market competitive pay

We balance competitive pay for employees with responsible use of our customers' money. As a real Living Wage employer, we are committed to paying all our direct employees and our supply chain a wage based on the cost of living today. We also closely monitor the rates of pay of people who are training with us, to make sure they remain fair and competitive and have established pay frameworks to ensure transparency, alignment to the external market and parity between our new talent cohorts.



Sharing in success

We want our employees to share in our success, and our all-employee bonus plan ensures everyone in the business is aligned with the same measures and rewarded for achieving our key objectives. We also offer a Sharesave Scheme, which gives employees a chance to save up to £500 per month over three or five years, with the option to buy Severn Trent PLC shares at a discounted rate at the end of the period. This is hugely popular, with 70% of our people choosing to participate.



Flexibility

We provide a flexible benefits scheme for all, which we believe is amongst the best in the industry. It recognises that our people's life, wellbeing, family and finances all play a part in how they feel about coming to work, and the scheme is structured accordingly. It includes a broad range of physical, mental and financial wellbeing offerings, as well as leisure and retail opportunities, and charitable giving. We also have a range of family leave policies, including a FTSE-leading Maternity and Adoption Policy, which enable our employees to work around the demands of a busy family life.



An opportunity to save for the future

We know many of our colleagues want to be able to save for their future security. We offer a market leading defined contribution pension scheme and double any contributions that employees make (up to a maximum of 15% of salary), regardless of level or seniority. When colleagues get closer to retirement, we provide education and support to help plan for the next stage of their lives. We are proud that over 98% of our people are members of the pension scheme and 60% pay contributions above the statutory minimum of 3%.



Building a career

As a major regional employer, we recognise the importance of equipping our colleagues with the skills for now and the future. Our focus is on both leadership and technical development across the whole organisation. We support the development of colleagues at all stages of their career, from foundation apprenticeships and graduate entrants, through to higher level apprenticeships and Masters degrees. Our aim is to ensure that every employee feels competent and confident in their everyday work.



Diversity and inclusion

At Severn Trent, diversity is a huge part of who we are as a business, how we operate and how we continue to deliver against our bold ambitions. We positively celebrate diversity and inclusion, and embrace every individual's contribution. We believe that we have all been shaped by different things – whether it is our backgrounds, upbringings, life experiences or cultures – and it is those things that make us brilliant at work. Embracing those differences means we can deliver at our absolute best for our customers, communities and the environment.



Investing in the community

We launched our Societal Strategy in November 2022 to support 100,000 people over 10 years who are at risk of water poverty. Our focus has been on skills development, training, and employment across areas of high deprivation within our region. We have proudly supported more than 26,000 people, generating nearly £7 million of Social Value since 2022. This is supported by our employee volunteering programme, which gives all employees two paid days per year to participate in voluntary work in our communities.

Company Remuneration at Severn Trent

This section sets out the steps we take to make sure that our pay and reward framework is transparent and fair, beyond Executives and Senior Management, in a way that is meaningful and useful.

The table below sets out details of how the cascade of the reward framework applies across different levels within the organisation, combined with a summary of the information which the Committee has received as part of its annual review process.

Pay and alignment across the business

Alongside our thriving culture and inclusive working environment, our reward framework is designed to attract, motivate and retain people who are inspired by Severn Trent's purpose, and who live

our values every day. Our reward package recognises the great performance of our employees, as we deliver our essential services to customers across the region, and is designed to fairly reward all colleagues throughout the organisation. The terms and conditions from which our employees benefit evolve in line with external practice and new initiatives from within Severn Trent. We pride ourselves on keeping pace with trends in talent management and acquisition, and skills development, in order to motivate, develop and retain a positive working environment.

This section of the report also covers our CEO pay ratios, and our gender and ethnicity pay gap reporting.

Eligibility	No. of employees covered	Remuneration element	Details and implementation at Severn Trent	Committee focus areas
All employees	9,846 (as at 31 March 2025)	Salary	<ul style="list-style-type: none"> The average annual salary increase across the workforce in 2024/25 was 6.4%. The Company has real Living Wage and real Living Hours employer accreditation and reviews employment terms and salaries in this context. Enhanced visibility on salary ranges within the organisation to enable fairness and transparency. 	<ul style="list-style-type: none"> Wider workforce increases versus the Executive population. Differences across employee groups. Benchmarking against market rates.
		Benefits	<ul style="list-style-type: none"> All employees are eligible to participate in our flexible benefits scheme, which we believe is one of the best in the industry and is designed to support physical, mental and financial wellbeing. 	<ul style="list-style-type: none"> Ensuring a consistent approach is applied across the business for benefits. Reviewing the breadth of benefit offerings.
		Pension	<ul style="list-style-type: none"> We offer a market-leading defined contribution pension scheme and double any contributions that employees make (up to a maximum of 15% of salary). Employer pension contributions for Executive Directors are aligned with the broader workforce. We are proud that over 98% of our employees are members of the pension scheme and 60% pay contributions above the minimum of 3%. 	<ul style="list-style-type: none"> Alignment of pension contributions across the workforce. Support levels for workers approaching retirement.
		Annual bonus	<ul style="list-style-type: none"> All of our people share in our success by participating in our all-employee Annual Bonus Scheme, ensuring all employees are aligned with the same measures and rewarded for achieving our key objectives. At all levels, performance outcomes are measured against the same metrics. Our frontline colleagues and team managers benefit from a fixed bonus payment. Bonus opportunities vary by grade. We also operate some sub-schemes in Business Services, to reflect specific business needs. 	<ul style="list-style-type: none"> A consistent design is operated throughout the business. Details of performance measures and targets. Malus and clawback provisions are in place.
		Sharesave	<ul style="list-style-type: none"> All Severn Trent Plc employees can participate in the Save As You Earn Scheme – Sharesave. Enables all colleagues to share in the long-term success of the Company, aligning participants with shareholder interests. Significant take-up of this benefit with 70% of employees participating in 2024/25, and a quarter of those saving the maximum £500 per month. 	<ul style="list-style-type: none"> Participation rates.
Management and Senior Management	457	LTIP	<ul style="list-style-type: none"> The LTIP is available to Executive Directors, the Executive Committee and some members of Senior Management, eligibility for which is reviewed annually. The LTIP is designed to deliver balanced outcomes for all of our stakeholders, driving long-term financial and non-financial performance for the benefit of all groups. The retention of shares by Executive Directors for the longer term also supports a shared ownership culture in the Group. The performance period is three years, with 50% based on RoRE performance and 50% on a range of non-financial measures. The Executive Directors are subject to an additional two-year post-vesting holding period for awards granted from 2018 onwards. LTIP opportunities vary by role from 25% of salary to 200% of salary. 	<ul style="list-style-type: none"> Eligibility. Cost. Dilution. Details of performance measures and targets. Malus and clawback provisions are in place.
Executive Directors and Executive Committee	9	Shareholding requirements	<ul style="list-style-type: none"> Shareholding requirements as a % of salary are in place: 300% for CEO, 200% for CFO and 100% for members of the Executive Committee. Supports alignment of Executives' interests with shareholders. A post-employment shareholding requirement was introduced for Executive Directors as part of the 2021 Policy. 	<ul style="list-style-type: none"> Requirements versus actual shareholdings.
Our supply chain			<ul style="list-style-type: none"> All colleagues across Severn Trent are paid in line with the real Living Wage, for which we hold accreditation. We expect this of all new contracts within our supply chain and detail this within our Sustainable Supply Chain Charter. 	

The relationship between the remuneration of the CEO and all employees

The Company's approach to remuneration is consistent for all employees, as outlined on pages 141 and 142 and in our 2024 Policy, which can be found on our website.

The table below shows how the CEO's total single figure of remuneration compares with the equivalent figures for employees occupying the 25th, 50th and 75th percentiles.

We have chosen Option A under the Regulations for the calculation, which takes into consideration the full-time equivalent basis of all employees and provides a representative result of employee pay conditions across the Company.

Total pay and benefits for all have been calculated as at 31 March 2025, in accordance with the single figure methodology, and are based on full-time equivalent pay and benefits. We have not omitted any pay elements from the calculation. The median CEO ratio is consistent with the pay and progression policies for the Company's employees as a whole.

CEO pay ratio

CEO	2020	2021	2022	2023	2024	2025
Total single figure (£'000) ¹	2,765.1	3,084.0	3,948.4	3,116.9	3,203.8	3,268.3
Annual bonus payment level achieved [% of maximum opportunity]	74.0%	63.8%	81.0%	38.5%	60.9%	82.5%
LTIP vesting level achieved [% of maximum opportunity] ²	100%	100%	100%	100%	100%	80%
Ratio of CEO's single total remuneration figure shown:						
To employee at the 25 th percentile	84.5	92.8	116.0	91.1	86.3	84.0
To employee at the 50 th percentile	65.7	72.3	90.8	71.0	67.0	64.2
To employee at the 75 th percentile	53.9	59.8	75.3	58.9	55.0	52.8
Ratio of CEO's single total remuneration figure shown to the median Executive Committee member:						3.7

1 Figures for 2024 have been restated to reflect the updated 2021 LTIP values based on the share price at the date of vesting and include dividend equivalents in respect of vested shares.

2 The value of the UQ element of the 2021 LTIP award for 2023/24 (£313.2k) could not be measured until July 2024, and is therefore included in the total remuneration value for 2025. The value of the 2022 LTIP award for 2024/25 is based on the Committee's assessment of the standard element of the total potential LTIP vesting, as this measures the Company's performance against the RoRE set by its Final Determination, plus the UQ element of the 2021 LTIP. The UQ element of the 2022 LTIP cannot be measured until the end of July 2025; such vesting, if any, will therefore be disclosed in the 2025/26 Directors' Remuneration Report.

The median CEO pay ratio has decreased from 67.0 to 64.2 year on year, mainly driven by the CEO's single figure remuneration increasing by less than the increase for the wider workforce, due to a lower LTIP valuation as a result of share price movement. More detail on the single figure amount is included on page 147.

The Committee is satisfied that the individuals identified within each relevant percentile appropriately reflect the employee pay profiles at those quartiles and that the overall picture presented by the ratios is consistent with our pay, reward and progression policies. Over the long term, it is reasonable to expect there to be a degree of volatility year on year in the CEO pay ratio given that the CEO's single figure is made up of a higher proportion of performance-related pay than that of our employees, in line with the expectations of our shareholders and the Company's remuneration approach. This introduces a higher degree of variability each year which affects the ratio. It should be noted that all employees in the Company who meet the service requirement are eligible to receive a bonus based on the same broad Company performance conditions. This ensures all employees share in the success of the Company.

The key factors to note for this year's CEO pay ratio are as follows:

- For 2024/25, the single figure includes the standard element of the 2022 LTIP award plus the UQ element of the 2021 LTIP award.
- Long-term incentives are provided in shares, and therefore any increase in share price over the three years, as has been observed when previous LTIP awards have vested, can magnify the impact of a long-term incentive award vesting in a year.
- None of the lower quartile, median or upper quartile employees identified this year are participants in the LTIP. If the value of the LTIP is excluded from the CEO total remuneration pay ratio calculation, the ratios would be as follows:
 - To employee at the 25th percentile: 46.4
 - To employee at the 50th percentile: 35.4
 - To employee at the 75th percentile: 29.1

The table sets out the base salary and total pay benefits details for the CEO and employees at the 25th, 50th and 75th percentiles.

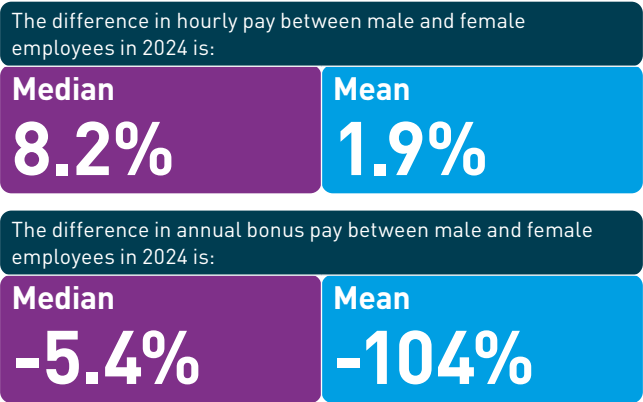
CEO	2025
Base salary (£'000)	829.6
Total pay and benefits (£'000)	3,268.3
Employees	
Base salary (£'000)	
– Employee at the 25 th percentile	30.8
– Employee at the 50 th percentile	36.1
– Employee at the 75 th percentile	45.5
Total pay and benefits (£'000)	
– Employee at the 25 th percentile	38.9
– Employee at the 50 th percentile	50.9
– Employee at the 75 th percentile	61.9

Gender and Ethnicity Pay Gap Reporting

We are delighted to have published our third combined Gender and Ethnicity Pay Gap Report.

Gender pay gap

Gender pay gap reporting legislation came into force in April 2017 and requires all UK employers with 250 or more employees to publish annual information illustrating pay differences between male and female employees. We reported our gender pay gap in March 2025 in line with statutory requirements, based on figures from 5 April 2024.

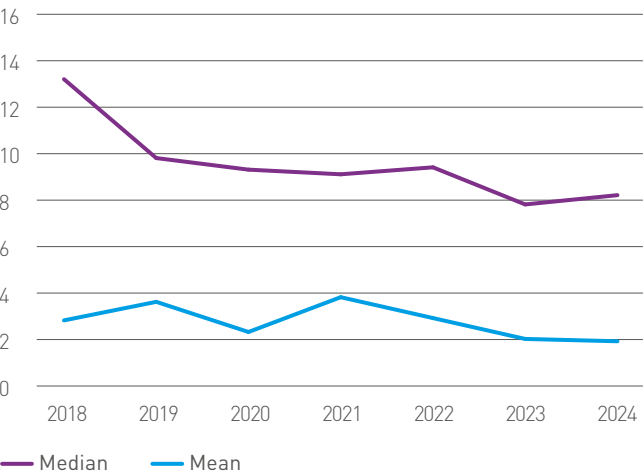


Our median gender pay gap has increased slightly, to 8.2% in 2024, compared to 7.8% in 2023. This increase is mainly due to our decision to insource more of our wastewater operational activities to help reduce spills and improve river health, and the high proportion of males in those roles.

Our mean gender pay gap has decreased to its lowest reported level – 1.9% in 2024 from the 2.0% seen in 2023. This continues to be driven by the high proportion of women in our management and Senior Management roles.

Our median gender bonus gap remains relatively stable with small fluctuations caused by one-off recognition vouchers and long service award payments. Our mean gender bonus gap continues to be as a result of the high percentage of women in our Executive and Senior Management populations.

Gender pay gap %

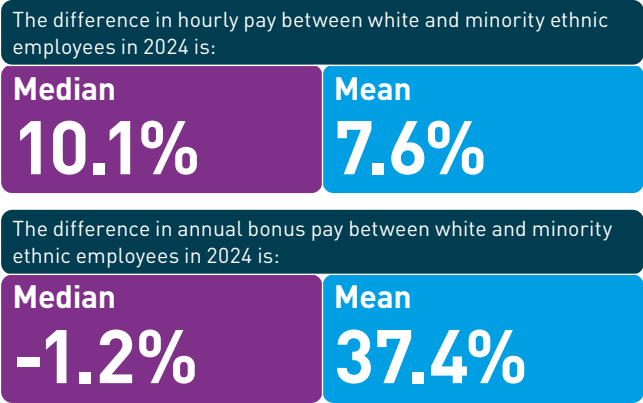


The full Gender and Ethnicity Pay Gap Report can be found online at severntrent.com. This outlines the methodology and definitions, and includes insight on what we are doing about our pay gaps, as well as how we think about Diversity and Inclusion more broadly at Severn Trent.



Ethnicity pay gap

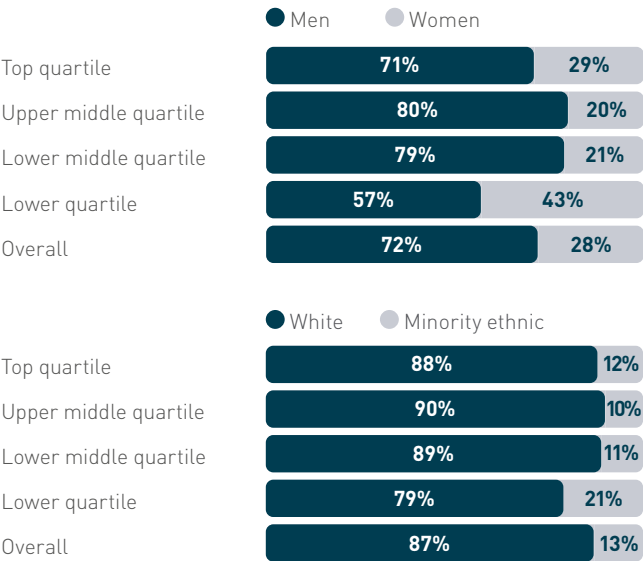
In our third year of publishing our ethnicity pay gap information, the median gap is 10.1% (2023: 6.3%) and the mean gap is 7.6% (2023: 7.2%).



While we have a consistent and sustainable increase in minority ethnic representation, from 10% in 2021 to 13% in 2024, much of this progress has been from new hires into entry level roles which typically fall into the lower quartile of pay, including our graduates and apprentices. It will take time for this talent to progress through to more senior roles and for us to start to see a shift in pay, but we are confident that with a strong track record of internal progression, this will happen.

We are also focused on activity that will drive change in the short term as well, including attracting more senior talent from minority ethnic backgrounds. That includes making sure we have diverse shortlists for senior roles, considering both internal and external options, and ensuring that we populate our internal development programmes with diverse talent.

Pay distribution



Scan the QR code to download our 2024 Gender and Ethnicity Pay Gap Report

Committee Governance

The Remuneration Committee's agenda for 2024/25

The Committee carries out an annual review of remuneration elements, policies and processes. This process was introduced in 2019 for the Committee to expand its responsibility to oversee and review wider workforce pay and policies, and to ensure they are designed to support the Company's desired culture and values.

The Committee believes that the context and knowledge shared is a useful underpin to ensure that our future decision making around Executive and Senior Management pay supports fair and equal remuneration throughout the entire workforce.



Key areas of focus

Review of the current Policy, to ensure it remained optimally structured to retain and motivate Executives through AMP8.

Review of Performance in the Round for 2024/25 ahead of approving the formulaic outturns for the 2024/25 annual bonus and the 2022 LTIP award.

Review of the Company's incentive scheme structures, ensuring alignment with regulatory guidance and broader stakeholder priorities.

Consideration of an independent update, provided by Alvarez & Marsal ('A&M'), on current market practice and future remuneration trends.

Completion of its annual assessment on wider workforce policies and practices, including:

- early implementation of the real Living Wage uplift;
- creation of a new pay framework for our apprentices;

- introduction of new employee benefits in the year;
- the Severn Trent 2024 Gender and Ethnicity Pay Gap Report; and
- alignment of Executive and wider workforce annual pay increases.

The Committee reported to the Board on this matter.

Committee member attendance at the Company Forum to share guiding remuneration principles with employee and Trade Union representatives.

Review of the expenses claim procedure for the Chair and CEO.

Review and approval of the Committee's Terms of Reference during the year, prior to making a recommendation to the Board. In completing its review, the Committee concluded that the Terms of Reference remained appropriate and reflected the manner in which the Committee was discharging its duties.

Ensuring fairness and alignment with the wider workforce

Each year, the Committee is presented with interim and annual updates that set out developments in Severn Trent's wider workforce pay policies and practices. The provision of these reports meets the requirements of the 2018 Code. The Committee continues to be engaged on the mechanisms for how the reward framework is applied across different levels within the organisation, which in turn has been shared in this report.

How does the Committee set performance targets?

The Committee has a well-established process for setting stretching targets to ensure that incentives drive our strategic outcomes and deliver value for our stakeholders.

1. Review and approve targets

Management proposes targets for the bonus and the LTIP, taking into consideration the AMP8 Business Plan, Company strategy, the Board-approved budget, historical performance, consensus forecasts, stakeholder expectations and wider market and economic conditions. The Committee reviews the proposed targets (including the underlying assumptions) to ensure they are suitably stretching but also realistic. Following this review, the Committee approves the targets.

2. Assess performance

At the end of the performance period (one year for the bonus and three years for the LTIP), the formulaic outcomes of each performance measure are assessed on a standalone basis, including those that are independently verified by our economic regulator, Ofwat. The UQ element for LTIP awards can only be measured once data for all WaSCs is available. A specific Committee meeting is scheduled for this purpose.

3. Determining final outcomes

The Committee assesses whether formulaic outcomes are fair in the context of overall business performance and service delivery for customers and the environment. The Committee has a well-established process to review formulaic outcomes and, as part of this process, independent external advice is sought whereby the Committee looks at 'Performance in the Round'. The Committee has the ability to exercise discretion to adjust formulaic incentive outcomes. Read more on page 136.

Committee Governance continued

What the Committee will look at in 2025/26

The Company remains committed to continuous improvement of terms and conditions. We pride ourselves on keeping pace with trends in talent management and acquisition, and skills development, in order to motivate, develop and retain a positive working environment, to ensure the best prospects for the long-term success of the Company.

Below are some of the focus areas for the Committee during 2025/26:

Employee wellbeing

The Committee will continue to review the support we provide to employees across all three pillars of wellbeing (physical, mental and financial) to ensure we are embodying our value of 'Showing Care' as much as possible.

Fair and transparent pay

Continued commitment to monitor and evaluate developments in our pay framework and the review of Executive pay in line with the wider workforce. We will continue to clarify the contribution of unique role types to ensure an equal and fair reward package that is representative of roles with similar skill types.

AMP8 Remuneration Policy

Further review of the current Policy to ensure it remains optimally structured and balanced to retain Executive Directors, and motivate them to deliver our hugely ambitious AMP8 plans, and drive rapid and sustained performance improvements for customers and the environment.

Governance matters

The Committee's performance was assessed as part of the internally facilitated Board Performance Review. The Committee is regarded as operating effectively and it is noted that the Board takes assurance from the quality of the Committee's work.

2024 AGM shareholder voting outturn

Resolution	Votes for	Votes against	Votes withheld
Approve Directors' Remuneration Report	234,708,290	11,098,184	108,126
	[95.48%]	[4.52%]	
Resolution	Votes for	Votes against	Votes withheld
Approve Directors' Remuneration Policy	234,640,456	11,185,775	88,369
	[95.45%]	[4.55%]	

Committee advisers

During the year, the Committee appointed a new adviser, A&M, to provide independent external remuneration advice, ensuring that the Company's remuneration practices are in line with best practice. This followed a tender process over the summer of 2024, and A&M commenced formally advising the Committee in October 2024. A&M attends meetings of the Committee and was the sole adviser to the Committee for the remainder of the year.

Prior to October 2024, PwC was the external adviser to the Committee, but was obliged to withdraw from the engagement, following PwC's successful bid to become External Auditor to Severn Trent Plc. As External Auditor, PwC is prohibited from providing non-audit services within six months of the contract start date, which means that PwC ceased providing advice to the Committee by 30 September 2024.

Both A&M, and PwC, are members of the Remuneration Consultants Group Code of Conduct and adhere to this Code in their dealings with the Committee. The Committee reviews the appointment of its advisers annually and is satisfied that the advice it receives is objective and independent.

Fees, on a time-spent basis, for the advice provided by A&M to the Committee during the year were £82,250 excluding VAT. A&M has not provided any other consultancy or advisory services during the year and there are no connections between A&M and individual Directors to be disclosed.

Fees, on a time-spent basis, for the advice provided by PwC to the Committee during the year were £102,545 excluding VAT. Separate teams within PwC also provided unrelated assurance and advisory services during the year. There are no connections between PwC and individual Directors to be disclosed.

The CEO, CFO, Director of Human Resources and the Head of Reward and HR Operations also attend meetings, by invitation, to provide advice and respond to specific questions. Such attendances specifically excluded any matters concerning their own remuneration. The Group Company Secretary acts as secretary to the Committee.

Annual Report on Remuneration

The annual report on remuneration and the annual statement will be put to an advisory shareholder vote at the AGM on 10 July 2025.

Total single figure of remuneration (audited)

The table below sets out the total single figure of remuneration received by the Executive Directors for 2024/25 (or for performance periods ended in 2024/25 in respect of long-term incentives) and 2023/24 for comparison.

Where necessary, further explanations of the values provided are included below. The table and the explanatory notes have been audited.

Executive Directors	Financial year ended 31 March	Salary (£'000) ¹	Benefits (£'000) ²	Pension (£'000) ³	Other (£'000) ⁴	Fixed pay and benefits sub-total (£'000)	Annual bonus (£'000) ⁵	LTIP standard element (£'000)	LTIP UQ element (£'000)	LTIP total (£'000) ⁶	Variable remuneration sub-total (£'000)	Total remuneration (£'000) ⁷
Liv Garfield	2024/25	829.6	18.9	124.4	0.0	972.9	831.2	1,151.0	313.2	1,464.2	2,295.4	3,268.3
	2023/24	793.8	18.4	119.1	4.5	935.8	584.0	1,253.2	430.8	1,684.0	2,268.0	3,203.8
Helen Miles	2024/25	498.0	16.5	74.7	0.0	589.2	499.0	300.9	119.1	420.0	919.0	1,508.2
	2023/24	480.0	24.3	72.0	0.0	576.3	379.4	327.5	N/A	327.5	706.9	1,282.3

- Salaries are shown before the deductions of benefits purchased through the Company's salary sacrifice scheme, such as pension contributions.
- Benefits include a green travel allowance of £15,000 p.a., family-level private medical insurance, life assurance worth six times salary and participation in an incapacity benefits scheme. This also includes a benefit-in-kind relating to electric vehicles, which increased from 1% in 2021/22 to 2% in 2022/23.
- The Executive Directors' maximum pension contribution is aligned with the wider workforce at 15%. Neither of the Executive Directors accrued benefits under any defined contribution pension plans during the year or have participated in a defined benefits scheme whilst an Executive Director.
- This figure relates to the difference between the market price and the discounted option price relating to a SAYE option granted during the financial year.
- The annual bonus is paid 50% in cash and 50% in shares, with the portion deferred into shares subject to continued employment for three years but with no further performance conditions attached. See page 148 for further details of the annual bonus outturn for 2024/25.
- For 2024/25, the value of the LTIP is based on the outcome of the standard element of the total potential 2022 LTIP vesting, plus the UQ element of the 2021 LTIP. For 2023/24, the value of the LTIP is based on the standard element of the total 2021 LTIP vesting, plus the UQ element of the 2020 LTIP. The prior year LTIP figure has been restated using the share price at the date of vesting and includes dividend equivalents in respect of vested shares. Details of share prices used to calculate these values are set out on page 149.
- The 2024/25 total remuneration figures include £313.2k for the CEO and £119.1k for the CFO in respect of UQ performance for the 2021 LTIP, which is published one year in arrears and relates therefore to the 2023/24 remuneration figure.

Remuneration of the CEO

The total remuneration for the CEO over the last 10 financial years is shown in the table below. The annual bonus payout and LTIP vesting level as a percentage of the maximum opportunity is also shown.

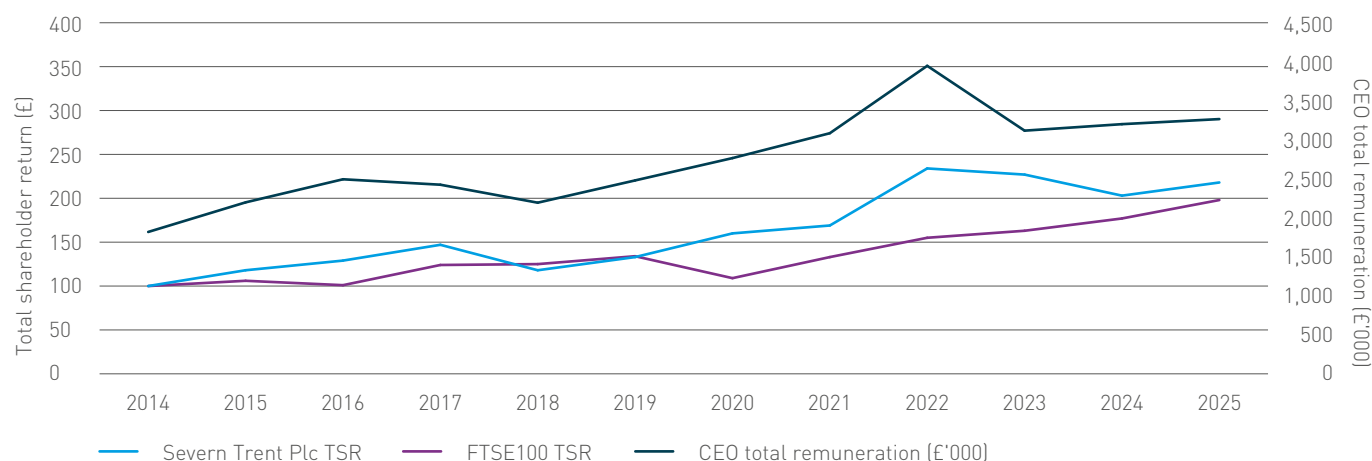
Year ended 31 March	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
	Liv Garfield	Liv Garfield	Liv Garfield	Liv Garfield	Liv Garfield	Liv Garfield	Liv Garfield	Liv Garfield	Liv Garfield	Liv Garfield
CEO										
Total remuneration (£'000) ¹	2,493.6	2,424.0	2,193.5	2,478.8	2,765.1	3,084.0	3,948.4	3,116.9	3,203.8	3,268.3
Annual bonus (% of maximum)	88.2%	75.8%	60.4%	58.5%	74.0%	63.8%	81.0%	38.5%	60.9%	82.5%
LTIP vesting (% of maximum)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0% ²	80.0% ³

- 2018 onwards includes any SAYE grants made during the year, as well as dividend equivalents in respect of vested LTIP shares.
- The vesting of the 2021 LTIP award was reported in the 2023/24 Directors' Remuneration Report as 80% of maximum. In light of UQ performance being achieved, the UQ element of the 2021 LTIP award has since vested in full. To reflect this, the LTIP vesting percentage for 2024 has been restated. The additional LTIP value arising from the full vesting of the UQ element (£313.2k) is included in the total remuneration value for 2024/25.
- The value of the 2022 LTIP award for 2024/25 is based on the Committee's assessment of the vesting of the standard element of the LTIP. The UQ element cannot be measured until the end of July 2025; such vesting, if any, will form part of the total remuneration value for 2025/26.

CEO remuneration vs returns to shareholders

The graph below shows the value at 31 March 2025 of £100 invested in Severn Trent Plc on 1 April 2014 compared with the value of £100 invested in the FTSE100. The FTSE100 was chosen as the comparator index because the Company is a constituent of that index. The intermediate points show the value of the intervening financial year ends.

Total shareholder return ('TSR') and total CEO remuneration



Annual Report on Remuneration continued

Benefits for 2024/25 (audited)

The value of benefits is based on the cost to the Company and there is no pre-determined maximum limit. The range and value of the benefits offered are reviewed periodically. In line with the Policy outlined on pages 137 to 138, we show below the benefits received by the individual Executive Directors in the year, and their typical annual value where possible.

Benefits for 2024/25 (audited)	Typical annual value 2023/24	Typical annual value 2024/25	Percentage increase/(decrease)
Green travel allowance	£15,000	£15,000	0%
Private medical insurance	£1,918	£2,573	34%
Life assurance	Up to 6x salary	Up to 6x salary	0%
Personal accident cover	As per the Group-wide Policy	As per the Group-wide Policy	0%
Biennial health screening	£671 per health screen	£772 per health screen	15%
Incapacity benefits	Worth 75% of salary for a period of five years (subject to qualifying criteria)	Worth 75% of salary for a period of five years (subject to qualifying criteria)	0%

Annual bonus outturn for 2024/25 (audited)

Our all-employee ABS ensures that all of our people, from Executive Directors to our frontline employees, are aligned with the same measures and rewarded appropriately for achieving key objectives. Full detail on the Company's performance during the financial year can be found in the Strategic Report.

Bonus element	Threshold (0% payable)	Target (50% payable)	Maximum (100% payable)	Stretching targets	Actual	Weighting	Outcome achieved
Group PBIT	£515m	£540m	£565m	8% growth vs prior year	£590m	40%	40%
Customer and Environment ODIs ¹	£90m	£100m	£110m	Sector leading	£150m	27%	27%
CSOs ²	0%	50%	100%	Sector leading	50%	15%	7.5%
EPA Rating ³	N/A	N/A	Achieved	Sector leading	Confident of EPA 4*, but underpin not met	10%	0%
Health and Safety ⁴	0.17	0.13	0.09	Sector leading	0.09	8%	8%
Total						100%	82.5%

1 Total reported ODIs of £150 million also includes £107 million of end of AMP ODIs.

2 Our CSOs element is split into two equally weighted sections for reduction in CSO spills and completion of agile CSO solutions. The outcome represents zero payout on the CSO spills element (average spills per CSO of 25.4 versus target of 20.0 and maximum of 19.3), and maximum outcome against the CSO solutions element (achievement of 1,248 versus threshold of 700, target of 800 and maximum of 900).

3 This measure only pays out if we achieve the highest EPA 4* rating. It also includes serious pollutions as a binary underpin, whereby in the event there was a serious pollution event in the year, this measure would not pay out regardless of whether EPA 4* status was achieved. For 2024/25, while we are confident of achieving EPA 4* for an unprecedented sixth time, due to there being a single serious pollution incident in the year, this element was reduced from 10% to a zero payout.

4 Measured as number of Lost Time Incidents divided by number of hours worked multiplied by 100,000.

Deferred shares under the Annual Bonus Scheme (including awards granted during the year)

One half of the bonus earned in respect of performance during 2023/24 was deferred into shares, as detailed below:

	Award	Basis of award	Number of shares granted ¹	Grant date	Face value of award at grant (£'000)	Vesting date	Three-day average share price used for grant calculations
Liv Garfield	2024 Annual Bonus Scheme	Deferred	12,131	11/06/2024	292.0	11/06/2027	£24.07
Helen Miles	relating to 2023/24	bonus	7,880		189.7		

1 Annual bonus shares are deferred shares which are subject to continued employment, but are not subject to further performance conditions.

LTIP outturn

LTIP awards vesting in relation to performance in 2024/25 (audited)

The outcome of the 2022 LTIP is based on performance over the three-year period from 1 April 2022 to 31 March 2025. This is the fifth LTIP award vesting that includes a stretch measure relative to the UQ performance of the other WaSCs.

With 80% of the 2022 LTIP being based on our RoRE performance, it was critical that the targets set in relation to it were sufficiently stretching, so as to only reward genuinely impressive performance. To ensure this, the Committee adopted a dual approach for the target, which required achieving a multiple of 1.39x the allowed base return from Ofwat to earn the standard element, plus a further target of being UQ versus the broader sector to achieve stretch payout. For maximum payout on this element, the approach ensured both a material return over and above the base regulatory allowance, and that Severn Trent be one of the top performers in the sector.

The remaining 20% of the LTIP was based on four sustainability measures. These measures comprise a combination of enabling measures and delivery measures, all of which are linked to our Triple Carbon Pledge commitments and the strategy we have to deliver it. Our carbon ambitions are significant, and if achieved, will result in us being net zero on our Scope 1 and 2 operational emissions by 2030. The strategy and workstreams which underpin this, and on which the LTIP measures are based, are correspondingly ambitious.

The table below shows the 2022 LTIP award vesting schedule for performance levels as a percentage of salary:

	RoRE			Sustainability				Total maximum
	Threshold FD	1.39x FD	UQ RoRE performance relative to WaSCs	Fleet target	Self-generation target	Innovation trials target	Process emissions target	
CEO	30%	120%	160%	10%	10%	10%	10%	200%
CFO	16%	64%	96%	6%	6%	6%	6%	120%

We note that the vesting schedule for the CFO applies to the awards that were granted prior to Board appointment at a level of 120% of salary.

2022 LTIP standard RoRE element

The standard RoRE element of the 2022 LTIP award measures the Company's performance against RoRE set by Ofwat's Final Determination. Over the three-year period of the 2022 LTIP, the Company achieved a RoRE of 2.48x against the target of 1.39x the base RoRE return.

Based on the performance levels set out above, this results in full vesting of the standard RoRE element of the 2022 LTIP award, which is equivalent to 60% of maximum for the total 2022 LTIP award for the CEO and 53.3% of maximum for the CFO. Full details are set out in the table below.

	Standard proportion of 2022 award (Absolute RoRE plus sustainability elements)									
	Total number of shares granted	Value of award at grant (£'000)	End of performance period	Standard element of award vesting (% max)	Number of shares vesting	Vesting date	Value attributable to share price movement ³ (£'000)	Value of LTIP shares vesting ⁴ (£'000)	Value of dividend equivalents due ⁵ (£'000)	Value of standard element of LTIP (single figure) (£'000)
Liv Garfield	52,951	1,517.6	31/03/2025	80.0% ¹	42,360	24/07/2025	(172.7)	1,041.4	109.5	1,151.0
Helen Miles	15,102	432.8	31/03/2025	73.3% ²	11,074	24/07/2025	(45.1)	272.3	28.6	300.9

1 This figure includes 60% vesting for the standard RoRE element, plus 20% vesting for the sustainability element.

2 This figure includes 53.3% vesting for the standard RoRE element, plus 20% vesting for the sustainability element.

3 The depreciation in share price over the vesting period has reduced the value of the LTIP awards by the amount shown in the table, which means there was no value attributable to share price appreciation.

4 Based on the average share price over the final three months of the performance period of £24.58, as the awards will not be released until after the end of the closed period.

5 Based on dividends paid in the period since the date of grant to 31 March 2025.

2022 LTIP UQ RoRE element

The UQ element of the 2022 LTIP award cannot be measured, and so the associated vesting will not be known until the end of July 2025, when comparable statistics for the other WaSCs are published and provided to Ofwat; such vesting, if any, will therefore be disclosed in the 2025/26 Directors' Remuneration Report.

The LTIP value in the 2025/26 single figure table will comprise the UQ element of the 2022 LTIP award (if any) plus the standard element of the 2023 LTIP award. For full transparency, we set out below the maximum number of additional shares that could vest if UQ performance relative to other WaSCs is achieved.

	UQ element of 2022 award			Value based on average share price of £24.58 (£'000)
	Maximum number of shares granted that could vest	Additional dividend equivalent shares	Total number of shares which could vest	
Liv Garfield	10,590	1,112	11,702	287.7
Helen Miles	4,027	421	4,448	109.4

Annual Report on Remuneration continued

2022 LTIP sustainability element

The sustainability element of the 2022 LTIP award measures the Company's performance against four different binary measures aligned with our environmental commitments to reach net zero operational emissions by 2030. Over the three-year period of the 2022 LTIP, the Company achieved the following:

Measure	Description	Target	Actual	Weighting	Outcome achieved
Fleet	Delivering 66% of the total car fleet and 18% of the total light commercial fleet as electric vehicles by 31 March 2025.	66% 18%	71% 19%	5%	5%
Self-generation	Achieving an outturn of 75 GWh additional generation from the 2019/20 baseline of 486 GWh, enabling a minimum total renewable generation of 561 GWh by 31 March 2025.	561 GWh	618 GWh	5%	5%
Innovation trials	The delivery of innovation trials where the combined, verified, scaled opportunity is greater than 12.5 ktCO ₂ e, with a signed-off plan for delivery.	12.5 ktCO ₂ e	13.7 ktCO ₂ e	5%	5%
Process emissions	To have established effective monitoring on operational wastewater treatment sites responsible for 40% of our total N ₂ O and CH ₄ gas emissions.	40% N ₂ O 40% CH ₄	43% N ₂ O 50% CH ₄	5%	5%
				20%	20%

This is equivalent to 20% of maximum for the total 2022 LTIP award for both the CEO and CFO.

2021 LTIP UQ RoRE element

As reported last year, the standard element of the 2021 LTIP award vested in full, being equivalent to 80% and 73.3% of maximum for the total 2021 LTIP award for the CEO and CFO respectively. Full vesting was based on delivering UQ RoRE performance relative to the other WaSCs over the three-year performance period to 2023/24 (the UQ element). Vesting under the UQ element of the 2021 LTIP award was only known at the end of July 2024 when comparable statistics for the other WaSCs were published and provided to Ofwat. We now know that Severn Trent achieved UQ performance, and therefore the UQ element is included in the 2024/25 single figure for the CEO and CFO (equivalent to 20% and 26.7% of maximum of the total 2021 LTIP award respectively).

No discretion has been exercised by the Committee to override the formulaic outturns of either the 2021 or 2022 LTIP awards.

The table below reflects the vesting of the UQ element of the 2021 LTIP award (as a percentage of the maximum award). The 2021 LTIP vested at 100% of maximum when the standard and UQ elements are combined.

	UQ element of 2021 award									
	Total number of shares granted	Value of award at grant (£'000)	End of performance period	UQ element of award vesting (% max)	Number of shares vesting	Vesting date	Value attributable to share price movement ¹ (£'000)	Value of LTIP shares vesting ² (£'000)	Value of dividend equivalents due ³ (£'000)	Value of UQ element of LTIP (single figure) (£'000)
Liv Garfield	55,461	1,483.4	31/03/2024	20.0%	11,092	24/07/2024	(17.8)	278.9	34.4	313.2
Helen Miles	15,815	423.0	31/03/2024	26.7%	4,217	24/07/2024	(6.8)	106.0	13.0	119.1

1 The depreciation in share price over the vesting period has reduced the value of the LTIP awards by the amount shown in the table, which means there was no value attributable to share price appreciation.

2 Based on the three-day average share price to 24 July 2024 of £25.14.

3 Based on dividends paid in the period since date of grant to 24 July 2024.

Breakdown of the LTIP single figure value

The LTIP single figure amounts include share price movement between grant and vesting, as well as any dividend equivalents.

For 2024/25, the reportable LTIP figures are the standard RoRE element of the 2022 LTIP award, the sustainability element of the 2022 LTIP award, and the UQ element of the 2021 LTIP award. For 2023/24, the reportable LTIP figures are the standard RoRE and sustainability elements of the 2021 LTIP award and the UQ element of the 2020 LTIP award.

The table below shows the comparative value of each of the elements included in the single figures.

	CEO		CFO	
	2023/24 ¹	2024/25 ²	2023/24 ¹	2024/25 ²
Standard RoRE element	939.9	863.2	218.4	200.6
Sustainability element	313.3	287.7	109.2	100.3
UQ RoRE element	430.8	313.2	N/A ³	119.1
LTIP total in single figure values (£'000)	1,684.0	1,464.2	327.5	420.0

1 For the 2023/24 valuation, the share price used for the standard RoRE and sustainability elements was based on the share price on vesting of the 2021 LTIP, of £25.14. The UQ RoRE element was calculated using the share price on vesting of the 2020 LTIP, of £25.55.

2 For the 2024/25 valuation, the share price used for the standard RoRE and sustainability elements was based on the average share price over the final three months of the performance period, of £24.58. The UQ RoRE element was calculated using the share price on vesting of the 2021 LTIP, of £25.14.

3 As per the regulations, figures are not included for Helen Miles in respect of the 2022/23 UQ element, as she was not an Executive Director during the performance period.

LTIP awards granted during the year

2024 LTIP award

	Basis of award (% of base salary)	Number of shares granted ¹	Grant date	Face value of award at grant (£'000)	End of performance period	Vesting date	Three-day average share price used for grant calculations
Liv Garfield	200%	66,856	02/07/2024	1,599.2	31/03/2027	27/07/2027	£23.92
Helen Miles	175%	35,117		840.0			

¹ LTIP awards are conditional share awards subject to performance conditions, as set out below.

As explained last year, the RoRE targets for the 2024 award could not be disclosed at that time, as the Final Determination had not yet been confirmed by Ofwat. The Committee has now confirmed the multipliers, as set out in the table below, which remain stretching in the context of AMP8 expectations.

2024 LTIP Award		Financial			Non-Financial ¹					Max outturn (% salary)
		RoRE			Environmental		Customers	Communities		
		Threshold FD baseline 5.3% (% salary)	1.39x FD 7.4% (% salary)	UQ performance relative to WaSCs (% salary)	Scope 1 and 2 reduction	Self- generation	RNAGS	PCDs	Social Value	
Vesting for performance	CEO	18.8%	75%	100%	20%	20%	20%	20%	20%	200%
	CFO	14.6%	58.3%	87.5%	17.5%	17.5%	17.5%	17.5%	17.5%	175%

¹ For the non-financial measures, if threshold performance targets were met, these elements would vest at 3.75% of salary for the CEO and 3.28% for the CFO.

Non-financial performance measure details

Sub-measure	Weighting	Measure details
Scope 1 and 2 reduction	10%	Achieving a cumulative reduction in our Scope 1 and 2 emissions of 33% against a 2019/20 baseline of 508.4 kT by 31 March 2027.
Self-generation	10%	Achieving an outturn of 154 GWh additional generation from the 2019/20 baseline of 486 GWh, enabling a minimum total renewable generation of 640 GWh by 31 March 2027.
RNAGS	10%	Achieving a cumulative reduction of 409 or more RNAGS by 31 March 2027.
PCDs	10%	100% of in-flight PCDs on track vs the phased milestones, as per the milestones agreed with Ofwat in the PR24 Final Determination by 31 March 2027.
Social Value	10%	Achieving a Social Value of £12 million or more between 1 April 2024 and 31 March 2027.

LTIP awards to be granted in 2025

The table below describes how the LTIP will be implemented in 2025. 50% of the maximum LTIP opportunity will be based on RoRE and 50% will be based on a range of non-financial measures. The CEO's award will be 200% of salary and the CFO's award will be 175% of salary. As in previous years, the target for absolute RoRE will be set as a multiple of the Final Determination baseline. All performance conditions will be measured over three years, to 31 March 2028, and corresponding vesting (as a percentage of salary) will be as set out in the table below.

2025 LTIP Award		Financial			Non-Financial ¹					Max outturn (% salary)
		RoRE			Environmental		Customers	Communities		
		Threshold FD baseline 5.3% (% salary)	1.39x FD 7.4% (% salary)	UQ performance relative to WaSCs (% salary)	Scope 1 and 2 reduction	Self- generation	RNAGS	PCDs	Social Value	
Vesting for performance	CEO	18.8%	75%	100%	20%	20%	20%	20%	20%	200%
	CFO	14.6%	58.3%	87.5%	17.5%	17.5%	17.5%	17.5%	17.5%	175%

¹ For the non-financial measures, if threshold performance targets were met, these elements would vest at 3.75% of salary for the CEO and 3.28% for the CFO.

Full details of the measures and targets are set out on page 138.

Payments to former Directors upon retirement

As noted in last year's Directors' Remuneration Report, James Bowling retired from Severn Trent in December 2023 and was treated as a good leaver for the purposes of outstanding incentive awards. During the year, the standard and UQ elements of his 2021 LTIP award vested subject to the normal performance test and pro-rated for time served as a Director. This resulted in 25,822 shares vesting on 14 July 2024. His 2022 LTIP award will vest in line with the normal timeline (July 2025) and will be subject to a two-year holding period. The award will be pro-rated to his termination date of 31 December 2023, which will mean the maximum number of shares that could vest is 14,776.

Executive Director shareholdings

The CEO and CFO have exceeded the shareholding requirements applicable in 2024/25 of 300% and 200% of salary respectively.

Shareholding requirement

The Executive Directors have built significant shareholdings during their employment with the Company and since becoming Executive Directors have retained (except in the case of statutory tax and National Insurance deductions) all Company shares acquired as a result of discretionary awards vesting or options being exercised under the Company's share plans. The Executive Directors have also increased their shareholdings further through personal share purchases.

Annual Report on Remuneration continued

The minimum shareholding requirement for Executive Directors, and the current share interests of the Executive Directors, take into account shares which are owned outright or vested, shares which are unvested and shares which are subject to performance. The following table sets out the minimum shareholding requirements and the shareholdings of the Executive Directors. The shareholding requirement must be built up over five years and then subsequently maintained.

Executive Director shareholdings % of base salary

Shareholding requirement	Shareholding requirement	Shares counting towards shareholding requirement ¹	Unvested subject to continued employment ²	Unvested subject to performance ³
300%	CEO	1,322%	162%	374%
200%	CFO	332%	76%	309%

1 Represents beneficially owned shares as well as shares held in trust as part of the annual bonus deferred share awards (of which 47% are deducted to cover statutory deductions).

2 Represents 2022 LTIP shares (where the performance period is now complete) which are subject to an ongoing vesting period and a two-year holding period post vesting, plus shares held as part of the Sharesave Scheme. This value assumes that the UQ element of the 2022 LTIP vests in full.

3 Represents the 2023 and 2024 LTIP awards which are subject to ongoing performance.

Directors' shareholdings and summary of outstanding share interests (audited)

The table above summarises the shareholding requirements under which Executive Directors are expected to build and maintain a shareholding in the Company, and whether Executive Directors have met the shareholding requirements. The shareholding requirements for the CEO and CFO remained unchanged in 2024/25.

The Committee believes that it is an essential part of the Policy that Executive Directors become material shareholders, and this is evidenced by the number of shares held by both Executive Directors. The retention and build-up of equity is important in a long-term business such as Severn Trent as it encourages decisions to be made on a long-term sustainable basis for the benefit of all stakeholders.

There has been no change in the Directors' interests in the ordinary share capital of the Company between those set out below and 20 May 2025.

Directors	Beneficially owned	LTIP shares ^{1,2}	Annual bonus shares ³	SAYE options	Shareholding requirement as a % of salary	Current shareholding as a % of salary	% shareholding requirement achieved ⁴
Liv Garfield							
11 April 2014 – present	421,782	176,901	31,386	875	300%	1,322%	441%
Helen Miles							
1 April 2023 – present	57,040	76,696	16,964	0	200%	332%	166%
Non-Executive Directors							
Christine Hodgson							
1 January 2020 – present	7,486	–	–	–	–	–	–
Kevin Beeston							
1 June 2016 – 30 April 2025	5,996	–	–	–	–	–	–
Tom Delay							
1 January 2022 – present	0	–	–	–	–	–	–
Sarah Legg							
1 November 2022 – present	1,912	–	–	–	–	–	–
Sharmila Nebhrajani							
1 May 2020 – present	231	–	–	–	–	–	–
Richard Taylor							
1 April 2024 – present	1,111	–	–	–	–	–	–
Former Directors							
Gillian Sheldon⁵							
Resigned 14 May 2024	350	–	–	–	–	–	–

1 LTIP awards are conditional share awards subject to ongoing performance conditions.

2 Additional dividend equivalent shares may be released where provided in the rules.

3 Annual bonus shares are deferred shares which are not subject to further performance conditions.

4 The share price used to calculate the percentage of the shareholding guideline achieved for both current and former Directors was £25.31 (as at 31 March 2025). The guideline figures include unvested annual bonus shares (47% deducted to cover statutory deductions).

5 Gillian Sheldon remained in role as a Non-Executive Director as at 31 March 2024, and subsequently stepped down from the Board on 14 May 2024.

Chair and Non-Executive Directors' fees (audited)

The Chair, Senior Independent Director and Non-Executive Directors are appointed for a three-year term, subject to annual re-election by shareholders at the AGM following the annual Board Performance Review process. The current Letters of Appointment are available on the Severn Trent Plc website.

Negotiations for the salary increase for the wider workforce are ongoing as at the date of this report. Recognising that the wider workforce increase is an important reference point in the decision, salaries for the Executive Directors and fees for the Chair and Non-Executive Directors for the year ahead have yet to be determined. However, it has been agreed in principle that percentage increases will be no higher than that agreed for the wider workforce.

Chair and Non-Executive Fees effective from 1 July 2024 (audited)

Annual fee increases take effect from 1 July each year. The table below shows the fee structure currently in place. As described on page 134, any changes for the year ahead will be no higher than the percentage increase agreed for the wider workforce.

Operation	Fees 2024/25 (£'000)
Chair's fee	339.7
Fee paid to all Non-Executive Directors	65.4
Supplementary fees:	
– Senior Independent Director	16.6
– Audit and Risk Committee Chair	18.8
– Corporate Sustainability Committee Chair	16.6
– Remuneration Committee Chair	18.8
– Treasury Committee Chair	17.7

Chair and Non-Executive Fees paid for the year ending 31 March 2025 (audited)

	Fees 2023/24 (£'000)	Fees 2024/25 (£'000)
Christine Hodgson 1 January 2020 – present	321.1	335.7
Kevin Beeston 1 June 2016 – 30 April 2025	77.5	81.0
Tom Delay 1 January 2022 – present	77.5	81.0
Sarah Legg 1 November 2022 – present	66.3	83.2
Sharmila Nebhrajani 1 May 2020 – present	79.6	83.2
Richard Taylor 1 April 2024 – present	0.0	80.1
Former Directors		
Gillian Sheldon Resigned 14 May 2024	78.6	9.5

Percentage change in the remuneration of the Executive Directors and Non-Executive Directors

The Committee looks to ensure that the approach to fair pay is implemented in practice throughout the Group, and monitors year-on-year changes between the movement in salary, benefits and annual bonus for the CEO between the current and previous financial year compared, with that of the average employee.

The Committee has elected to use the average earnings per employee, as this avoids the distortions that can occur to the Group's total wage bill as a result of the movements in the number of employees.

The Committee monitors this information carefully to ensure that there is consistency in the fixed pay of the Executive Directors and Non-Executive Directors compared with the wider workforce. Also, this information demonstrates the Company's approach to having an all-employee bonus throughout the organisation with employees and the CEO benefiting when the Company does well.

	Salary/Fees ¹					Benefits ²					Bonus ³				
	20/21	21/22	22/23	23/24	24/25	20/21	21/22	22/23	23/24	24/25	20/21	21/22	22/23	23/24	24/25
Executive Directors															
Liv Garfield	2.3%	2.3%	2.3%	2.8%	4.5%	[1.2%]	[3.1%]	5.3%	1.8%	2.7%	[11.8%]	30.0%	[51.3%]	62.8%	42.3%
Helen Miles ⁴	–	–	–	–	3.8%	–	–	–	–	[24.3%]	–	–	–	–	31.5%
Non-Executive Directors⁵															
Christine Hodgson	431.4%	1.7%	2.3%	2.9%	4.5%	–	–	–	–	–	–	–	–	–	–
Kevin Beeston	1.5%	6.8%	4.9%	2.7%	4.5%	–	–	–	–	–	–	–	–	–	–
Tom Delay	–	–	19.3%	8.2%	4.5%	–	–	–	–	–	–	–	–	–	–
Sarah Legg ⁶	–	–	–	8.9%	25.5%	–	–	–	–	–	–	–	–	–	–
Sharmila Nebhrajani	–	8.7%	8.3%	17.8%	4.5%	–	–	–	–	–	–	–	–	–	–
Richard Taylor ⁷	–	–	–	–	N/A%	–	–	–	–	–	–	–	–	–	–
Former Directors															
Gillian Sheldon ⁸	–	–	12.6%	17.4%	88.0%	–	–	–	–	–	–	–	–	–	–
Colleagues															
Average per employee ⁹	2.2%	2.1%	3.4%	6.8%	6.4%	[7.1%]	0.3%	2.8%	[1.0%]	[2.9%]	[13.7%]	9.9%	[41.6%]	67.2%	28.9%

1 The salary/fees, benefits and bonus figures shown are based on full-time equivalent comparisons.

2 The benefits figures include green travel allowance and family-level private medical insurance for senior and middle managers.

3 The figures shown are reflective of any bonus earned during the respective financial year. Bonuses are paid in the following June.

4 As per the regulations, figures are not included for Helen Miles in respect of 2022/23 and earlier, as she did not become an Executive Director until 1 April 2023.

5 Non-Executive Directors receive fees only and do not receive any additional benefits or bonus payments.

6 Appointed as Chair of the Audit and Risk Committee on 1 January 2024.

7 Appointed as Non-Executive Director on 1 April 2024 and Chair of the Treasury Committee on 14 May 2024.

8 Retired from the Board on 14 May 2024.

9 The average annual pay increase for the wider workforce during the year was 5.0%.

Please see previous Directors' Remuneration Reports for historical details of events that impact the changes in remuneration, such as role changes, joiners and leavers.

Annual Report on Remuneration continued

Relative importance of spend on pay

The table below shows the expenditure of the Company on staff costs against dividends paid to shareholders for both the current and prior financial periods and the percentage change between the two periods.

Relative importance of the spend on pay	2023/24 £m	2024/25 £m	% change
Staff costs	473.4	552.8	16.8%
Dividends	301.4	356.0	18.1%

There were no other significant payments or distributions to shareholders, including share buy backs, in either the current or prior year.

Alignment with Provision 40 of the 2018 Code

Proportionality

- There is a reasonable balance between fixed pay and variable pay, and variable pay is weighted to long-term performance.
- Incentive plans clearly reward the successful implementation of the strategy and our environmental ambitions, and through deferral and measurement of performance over a number of years to ensure that the Executive Directors have a strong drive to deliver performance that is sustainable over the long term.

Clarity

- Base salaries are competitive against companies of a similar size and complexity.
- Variable remuneration is based on supporting the successful implementation of the Company's strategy measured through KPIs which are used for the annual bonus and LTIP.

Alignment with culture

- Base salary increases are generally below or aligned to the average increase for the wider workforce. Pension rates for Executive Directors are aligned with the rate offered to the majority of the wider workforce.
- A key principle of the Company's culture is a focus on customers and their experience; this is reflected directly in the type of performance conditions used for the bonus. The focus on ownership and long-term sustainable performance is also a key part of the Company's culture.
- All-employee share plans support a culture of share ownership and align employee interests with the long-term sustainable performance of the Company.

Simplicity

- Defined limits on the maximum awards which can be earned. Variable remuneration focuses on long-term sustainable performance, including the Company's environmental ambitions.

Risk

- The Policy ensures there is sufficient flexibility to adjust bonus and LTIP payments through malus and clawback and an overriding discretion to depart from formulaic outcomes.
- Incentives are primarily paid in shares which must be retained until minimum shareholding requirements have been met. Post-employment shareholding requirement further increases the exposure of Executive Directors to the share price after leaving the Company.

Predictability

- Shareholders are given full information on the potential values which can be earned under the annual bonus and LTIP.

External directorships

Liv Garfield became a Non-Executive Director of Brookfield Asset Management Limited in December 2022. In July 2024, she was appointed as Chair of the Board of Two Circles Limited. She retained any fees associated with these appointments for the year ended 31 March 2025.

Helen Miles has been a Non-Executive Director at Breedon Group Plc since April 2021, and retains any fees associated with this appointment.

Service contracts for Executive Directors

Copies of the service contracts for the Executive Directors are available for inspection at the Company's registered office during normal business hours.

All Directors will retire at this year's AGM and submit themselves for appointment or reappointment by shareholders at the AGM on 10 July 2025. Liv Garfield and Helen Miles have service contracts which provide for a notice period of one year. Non-Executive Directors do not have service contracts; their Letters of Appointment can be found on the website and are available for inspection at the Company's registered office during normal business hours.

Name	Date of service contract	Nature of contract	Notice period	Termination payments
Liv Garfield	11/04/2014	Rolling	12 months	Payments for loss of office comprise a maximum of 12 months' salary and benefits only
Helen Miles	01/04/2023			

Sharmila Nebhrajani OBE

Chair of the Remuneration Committee

Directors' Report

The Directors' Report for the year ended 31 March 2025 comprises pages 155 to 158 of this report, together with the sections of the Annual Report incorporated by reference. The Governance Report set out on pages 95 to 154 is incorporated by reference into this report and, accordingly, should be read as part of this report. As permitted by legislation, some of the matters required to be included in the Directors' Report have instead been included in the Strategic Report on pages 1 to 94, as the Board considers them to be of strategic importance.

Specifically, these are:

- the Performance Review on pages 1 to 60, which provides detailed information relating to the Group, its business model and strategy, operation of its businesses, future developments, and the results and financial position for the year ended 31 March 2025;
- future business developments (throughout the Strategic Report);
- details of the Group's policy on addressing the Principal Risks and uncertainties facing the Group, which are set out in the Strategic Report on pages 68 to 78;
- information on the Group's greenhouse gas ('GHG') emissions for the year ended 31 March 2025 on pages 52 to 53;
- how we have engaged with our people and stakeholders on pages 84 to 90;
- business relationships (throughout the Strategic Report); and
- the Section 172 Statement on pages 91 to 93.

Principal activity

The principal activity of the Group is to treat and provide water and remove wastewater in the UK. Details of the principal joint venture, associated and subsidiary undertakings of the Group as at 31 March 2025 are shown in note 46 of the financial statements.

Areas of operation

During the course of 2024/25, the Group had activities and operations in the UK.

Directors and their interests

Biographies of the Directors currently serving on the Board are set out on pages 100 to 101. As set out in the Notice of Meeting, all the Directors will retire at this year's Annual General Meeting ('AGM') and submit themselves for reappointment or, in the case of Nick Hampton, appointment by shareholders. All Directors seeking reappointment were subject to a formal and rigorous performance review, further details of which can be found on pages 112 to 113.

Details of Directors' service contracts are set out in the Directors' Remuneration Report on page 154. The interests of the Directors in the shares of the Company are also shown on page 152 of that report. The Board has a documented process in place in respect of conflicts.

Insurance and indemnities

The Company maintains Directors' and Officers' liability insurance in respect of legal action that might be brought against its Directors and Officers. As permitted by the Company's Articles of Association (the 'Articles'), and to the extent permitted by law, the Company indemnifies each of its Directors and other Officers of the Group against certain liabilities that may be incurred as a result of their positions with the Group. The indemnities were in force throughout the tenure of each Director during the last financial year and are currently in force. Severn Trent Plc does not have in place any indemnities for the benefit of the External Auditor.

Employees

The average number of employees within the Group is shown in note 8 to the financial statements. Severn Trent Plc believes a diverse and inclusive workforce is a key factor in being a successful business. Through our diversity and equal opportunities policies, the Company seeks to ensure that every employee, without exception, is treated equally and fairly and that all employees are aware of their responsibilities. This means more than ensuring that we do not discriminate in any way – we want to create and maintain an inclusive culture which reflects a diverse population. Severn Trent believes that no one should be hurt or made unwell by what we do and we remain committed to driving improvements in our performance.

Whilst our health and safety performance within the Group is industry leading, unfortunately there was a serious health and safety incident in March 2025 involving an employee of one of our framework contractors. The incident occurred at one of our sites which was under the control and responsibility of one of our framework contractors and sadly resulted in the death of an employee of the framework contractor. As at the date of this report, we understand that the investigation into the incident remains ongoing. Neither the Group nor its employees is subject to the investigation.

Following the incident, we engaged across the Group's framework contractors and direct supply chain to re-emphasise the importance of our fundamental health and safety expectations and our 'Everybody Safe' mindset and culture.

We are an equal opportunities employer and welcome applications from all individuals, including those with a disability. We are fully committed to supporting applications made by disabled persons and make reasonable adjustments to their environment where possible (having regard to their particular aptitudes and abilities). We are also responsive to the needs of our employees. As such, should any employee become disabled during their time with us, we will actively re-train that employee and make reasonable adjustments to their environment where possible, in order to keep them in employment with us. All of our training, promotion and career development processes are in place for all our employees to access, regardless of their gender, ethnicity, age or ability. The provision of occupational health programmes is of crucial importance to Severn Trent with the aim of keeping our employees fit, healthy and well. We also provide expert counselling support across a wide range of issues through our Employee Assistance Programme. Additional information on our diversity aims and progress can be found on pages 20 and 117 to 118.

Employee engagement

Due to our commitment to transparent and best practice reporting, we have included the sections on our people on pages 19 to 21 of the Strategic Report, as the Board considers these disclosures to be of strategic importance and they are therefore incorporated into the Directors' Report by cross reference. Pages 89 to 99 demonstrate how the Directors have engaged with employees and how they have had regard to employee interests and the effect of that regard, including the principal decisions taken by the Company during the financial year. The Company is also keen to encourage greater employee involvement in the Group's performance through share ownership. To help align employees' interests with the success of the Company's performance, we operate an HMRC-approved all-employee plan, the Severn Trent Sharesave Scheme ('Sharesave'), which is offered to UK employees on an annual basis. 70% of Severn Trent's employees now participate in Sharesave, with 25% of participants saving the maximum of £500 per month. During the year, the Company has remained within its headroom limits for the issue of new shares for share plans as set out in the rules of the above plan.

Business relationships

Pages 84 to 93 demonstrate how the Directors have had regard to key stakeholders and how the effect of that regard influenced the principal decisions taken by the Company during the financial year. The Board considers its Section 172 Statement to be of strategic importance and is therefore incorporated into the Directors' Report by cross reference.

Directors' Report continued

Research and development

Innovative use of existing and emerging technologies will continue to be crucial to the successful development of new products and processes for the Group and our products must continue to deliver value for customers. Expenditure on research and development for the year totalled £4.8 million.

Internal controls

Details of our internal control framework can be found in the Audit and Risk Committee Report on pages 122 and 123.

Treasury management

Details on our Treasury Policy and management are set out in the Chief Financial Officer's Review on pages 61 to 67.

Post balance sheet events

Details of post balance sheet events are set out in note 43 to the financial statements.

Dividends

An interim dividend of 48.68 pence per ordinary share was paid on 10 January 2025. The Directors recommend a final dividend of 73.03 pence per ordinary share to be paid on 15 July 2025 to shareholders on the register of members on 30 May 2025. This would bring the total dividend for 2024/25 to 121.71 pence per ordinary share (2023/24: 116.84 pence). The payment of the final dividend is subject to shareholder approval at the 2025 AGM. You can read more about the process that the Board followed in assessing the Company's Performance in the Round in the context of determining whether to recommend a dividend on page 97.

Dividend Policy

Following publication of the Final Determination by Ofwat, the Board approved our Dividend Policy for the period 2025-2030. With effect from 2025/26, dividends during the AMP8 period will increase by annual growth of CPIH.

The Dividend Policy reflects our strong operational delivery and financial performance, the Final Determination, and our robust balance sheet and financial resilience. When determining the Dividend Policy, the Board considered various scenarios and sensitivities, and reviewed the impact of adverse changes in inflation and interest rates on key metrics. The Board believes that the Dividend Policy is commensurate with a sustainable investment grade credit rating.

Capital structure

Details of the Company's issued share capital and of the movements during the year are shown in note 31 to the Company financial statements. The Company has one class of ordinary shares which carries no right to fixed income. Each share carries the right to one vote at General Meetings of the Company. The issued nominal value of the ordinary shares is 100% of the total issued nominal value of all share capital. There are no specific restrictions on the size of a holding or on the transfer of shares, which are both governed by the general provisions of the Articles and prevailing legislation. The Directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights. Details of employee share schemes are set out in note 38 to the financial statements. For shares held by the Severn Trent Employee Share Ownership Trust, the Trustee abstains from voting. No person has any special rights of control over the Company's share capital and all issued shares are fully paid. With regard to the appointment and resignation of Directors, the Company is governed by its Articles, the 2018 Code, the Companies Act 2006 and related legislation. The Articles may be amended by Special Resolution of the shareholders. The powers of Directors are described in the Severn Trent Plc Matters Reserved to the Board document and the Articles, both of which can be found on our website. Under the Articles, the Directors have authority to allot ordinary shares, subject to the aggregate nominal amount limit set at the 2024 AGM.

Change of control

There are a number of agreements that take effect after, or terminate upon, a change of control of the Company, such as commercial contracts, bank loan agreements, property lease arrangements and employee share plans. None of these are considered to be significant in terms of their likely impact on the business of the Group as a whole. There are no agreements between the Company and its Directors or employees that provide for compensation for loss of office or employment because of a takeover bid.

Authority to purchase shares

The Company was given authority at its AGM in 2024 to make market purchases of ordinary shares up to a maximum number of 29,978,942 ordinary shares. During the year, no ordinary shares have been repurchased. Authority will again be sought from shareholders at this year's AGM to purchase up to a maximum of 30,068,315 ordinary shares. The Directors believe that it is desirable to have the general authority to buy back the Company's ordinary shares in order to provide maximum flexibility in the management of the Group's capital resources. However, the authority would only be used if the Board was satisfied at the time that to do so would be in the best interests of shareholders.

Contributions for political and charitable purposes

Severn Trent does not, and has not, made political donations. However, given the broad ranging definitions of support defined in the Companies Act, which include sponsorship, subscriptions, payment of expenses, paid leave for employees fulfilling public duties, and support for bodies representing the business community in policy review or reform, we have an established practice of tabling a precautionary political donations resolution at our AGM on an annual basis.

Severn Trent's policy is not to make any donations for political purposes in the UK, or to donate to EU political parties or incur EU political expenditure. Accordingly, neither Severn Trent Plc nor its subsidiaries made any political donations or incurred political expenditure in the financial year under review.

Donations to charitable organisations during the year amounted to £5,218,134 (2023/24: £5,181,550). Donations are principally given to charities whose projects align closely with our aim to promote the responsible use of water resources and wastewater services which provide the opportunity for longer-term partnerships. In addition, we provide donations to employee nominated charities through a matched funding scheme and health and safety reward schemes. We are also committed to supporting WaterAid, the UK's only major charity dedicated to improving access to safe water, hygiene and sanitation in the world's poorest countries. In 2020, we established our Severn Trent Community Fund that donates 1% of Severn Trent Water's annual profits after tax to good causes in our region. You can read more about the work of our Community Fund in our dedicated Community Fund Annual Report, which can be found on the Severn Trent Water website.

Supplier payment policy

Individual operating companies within the Group are responsible for establishing appropriate policies with regard to the payment of their suppliers and prompt payment policies are reviewed on a regular basis. The companies agree terms and conditions under which business transactions with suppliers are conducted. It is Group policy that, provided a supplier is complying with the relevant terms and conditions, including the prompt and complete submission of all specified documentation, payment will be made in accordance with agreed terms. It is also Group policy to ensure that suppliers know the terms on which payment will take place when business is agreed. You can read more about how we have worked with our suppliers and contractors on page 89. For the payment practices reporting period ended 31 March 2025, the average time to pay for Severn Trent Water Limited was 34 days.

Relevant audit information

The Directors confirm that:

- so far as each of them is aware, there is no relevant audit information of which the Company's Auditor is unaware; and
- each of them has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's Auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

External Auditor

Deloitte was first appointed as External Auditor for the year ended 31 March 2006 and was reappointed following a tender process at the 2016 AGM. In accordance with the provisions of the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Process and Audit Committee Responsibilities) Order 2014, the Group undertook a mandatory tender in respect of the 2026 External Audit and, due to mandatory rotation requirements, Deloitte was not able to participate having acted as External Auditor for 20 years.

Following a robust and competitive tender process, led by the Audit and Risk Committee, the Board selected PwC as the External Auditor for the 2025/26 audit onwards, subject to shareholder approval. A resolution will be proposed to shareholders at the 2025 AGM to appoint PwC as the Group's statutory auditor for the financial year ending 31 March 2026. The Audit and Risk Committee will also be responsible for determining the audit fee on behalf of the Board.

Carbon footprint

We have committed to achieving net zero operational carbon emissions by 2030, building on our long track record of making

year-on-year reductions in our emissions. We also committed to generating or procuring 100% renewable energy and moving our fleet to 100% electric vehicles by 2030, where available. The Board considers environmental matters to be of strategic importance and therefore relevant information contained in the sections covering our Net Zero Transition Plan ('NZTP') and the information required under the Taskforce on Climate-related Financial Disclosures ('TCFD') and Taskforce on Nature-related Financial Disclosures ('TNFD') on pages 29 to 43 of the Strategic Report is incorporated into the Directors' Report by cross reference. Our NZTP includes our annual report on GHG emissions along with details of our energy consumption across the Group and how we manage energy use.

Accounts of Severn Trent Water Limited and Hafren Dyfrdwy Cyfyngedig

Separate Annual Reports for each of Severn Trent Water Limited and Hafren Dyfrdwy Cyfyngedig will be made available on their respective websites on 15 July 2025. Additionally, Annual Performance Reports for each of Severn Trent Water Limited and Hafren Dyfrdwy Cyfyngedig are prepared and provided to Ofwat. Copies will be made available on their respective websites in due course.

Annual General Meeting

A copy of the Notice of Meeting for the 2025 AGM can be found on the Severn Trent Plc website.

By order of the Board



Hannah Woodall-Pagan

Group Company Secretary
20 May 2025

Disclosures required under Listing Rule 6.6.4R

The information required to be disclosed in accordance with Listing Rule 6.6.4R of the Financial Conduct Authority's Listing Rules can be located in the following pages of this Annual Report:

Section	Information to be included	Location
(1)	A statement of the amount of interest capitalised	Page 182
(3)	Details of long-term incentive schemes	Pages 149 to 151
(2), (4) – (13)	Not applicable	Not applicable

The Strategic Report and the Directors' Report together form the Management Report for the purposes of the Disclosure Guidance and Transparency Rules 4.1.8R. Information relating to financial instruments can be found on pages 204 to 211 and is incorporated by reference. For information on our approach to social, environmental and ethical matters, please refer to our TCFD and TNFD disclosures on pages 29 to 43 and NZTP on pages 44 to 54.

Substantial shareholdings

As at 31 March 2025, the Company had been notified in accordance with Chapter 5 of the Disclosure Guidance and Transparency Rules of the following major shareholdings:

Name of holder	Number of ordinary shares	Voting rights held (%)
Qatar Investment Authority	34,855,379	11.61
BlackRock	28,366,623	9.45
Lazard Asset Management	27,502,407	9.16
Vanguard Group	13,695,880	4.56
Atlas Infrastructure	11,879,718	3.96
Legal & General Investment Management	10,501,125	3.50
Impax Asset Management	10,439,450	3.48
Pictet Asset Management	10,007,871	3.33
ClearBridge Investments Australia	9,396,339	3.13

As at 20 May 2025, the Company had been notified of the following holdings of voting rights in the ordinary share capital of the Company: Qatar Investment Authority 34,855,379 shares (11.59%); Lazard Asset Management 27,670,957 shares (9.20%); BlackRock 27,663,428 shares (9.20%); Vanguard Group 13,807,709 shares (4.59%); Atlas Infrastructure 11,270,460 shares (3.75%); ClearBridge Investments Australia 9,627,331 shares (3.20%); Legal & General Investment Management 9,182,784 (3.05%). The percentage of voting rights detailed above was calculated at the time of the relevant disclosures were made in accordance with Rule 5 of the Disclosure Guidance and Transparency Rules.

Directors' Responsibility Statement

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations. Company law requires the Directors to prepare financial statements for each financial year.

The Directors are required to prepare the financial statements in accordance with United Kingdom adopted International Financial Reporting Standards ('IFRS'), and have elected to prepare the Company financial statements in accordance with United Kingdom Generally Accepted Practice (United Kingdom Accounting Standards and applicable law) including FRS 101 'Reduced Disclosure Framework'.

Under company law, the Directors must not approve the Annual Report and financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for the year.

In preparing the parent company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

In preparing the financial statements, International Accounting Standard 1 requires that Directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Each of the Directors confirms that to the best of their knowledge:

- the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the Principal Risks and uncertainties that they face; and
- the Annual Report and financial statements, taken as a whole, are fair, balanced and understandable, and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

This responsibility statement was approved by the Board of Directors on 20 May 2025 and is signed on its behalf by order of the Board:



Liv Garfield
Chief Executive
20 May 2025



Helen Miles
Chief Financial Officer
20 May 2025