GOVERNANCE OVERVIEW

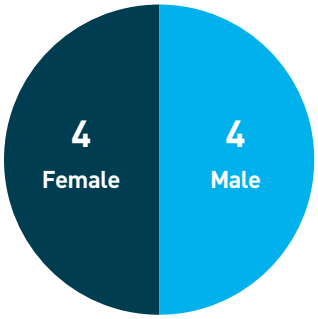
The purpose of this report is to demonstrate the Board's approach to corporate governance, which is underpinned by reporting against the 2024 UK Corporate Governance Code (the 'Code'). It provides an overview of the work of the Board and its Committees across the year.

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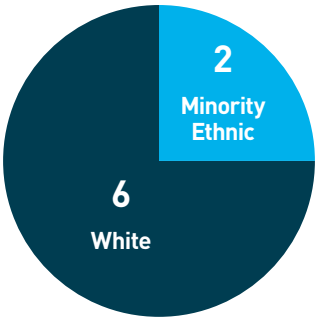
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Board Composition

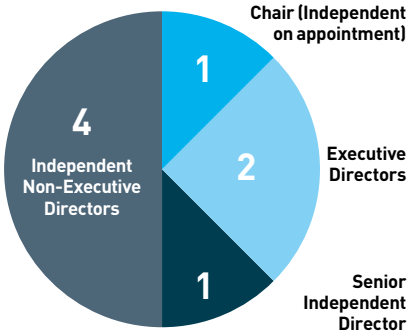
Gender representation



Minority ethnic representation



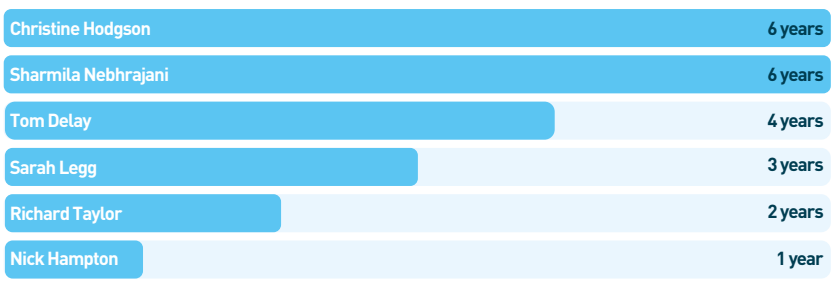
Board Independence



Board Skills

Accounting	●●●●●●○○
Brands	●●●○○○○○
Commercial procurement	●●●●●●○○
Construction/Infrastructure delivery	●●○○○○○○
Corporate Finance/Treasury	●●●●●○○○
Customer	●●●●●●○○
Large capital programmes	●●●●●○○○
M&A	●●●●●○○○
People management	●●●●●●●●
Political affairs	●●●●○○○○
Regulation	●●●●●●●○
Science and engineering	●●●●●○○○
Societal	●●●●●●○○
Strategy	●●●●●●●●
Sustainability, including climate change	●●●●●●○○
Technology/Innovation/Cyber	●●●●○○○○
Utility sector	●●●●○○○○

Chair and Non-Executive Director tenure



* All data on this page is as at 19 May 2026.

Compliance with the 2024 UK Corporate Governance Code

The Group's long-term sustainable success is contingent on our commitment to the highest standards of corporate governance, and the Board continues to be guided in its approach through the application of the 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 we report on that performance. The Board confirms that throughout the financial year ended 31 March 2026, the Company has applied the Principles and has complied with all relevant Provisions of the Code, as issued by the Financial Reporting Council ('FRC'). A full copy of the Code is available at www.frc.org.uk. The Board considers that the Company's governance arrangements are appropriate for its size, complexity and strategy, and that they support the long-term sustainable success of the Company.

The requirements under Provision 29 take effect from 1 April 2026. This means the Board will provide its first declaration on the effectiveness of material controls in our 2026/27 Annual Report and Accounts. The Board has received regular updates on the Company's readiness for the new requirements under Provision 29, including the internal controls assurance work underway to support the future declaration. The Company is well positioned for these requirements, reflecting the maturity of its existing internal control and assurance arrangements that have been previously established to meet its regulatory licence-to-operate obligations.

The Audit and Risk Committee 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 Code and where content can be found in this Annual Report.

Board Leadership and Company Purpose



Board site visit to Witches Oak Water Treatment Works, April 2026

- The role of the Board is set out in the Governance Report on pages 100 to 102.
- The Chair's Introduction to Governance can be found on pages 92 to 93.
- How the Board engages with stakeholders is detailed on pages 79 to 83 and 85.
- The Board's Section 172 Statement is included on pages 84 to 86.
- An overview of our purpose and values, including how these were established, is set out on pages 6 and 96 to 97.
- How the Board oversees the Company's strategy is detailed on pages 14 to 29.
- A list of our Group policies and practices can be found on page 87.
- How we assess risk and our Viability Statement is set out on pages 64 to 78.
- Our strategy, including performance against our ODIs and KPIs, can be found on pages 12 to 13 and 14 to 29.

Division of Responsibilities

- The Governance Framework set out on page 90 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 100.
- The division of responsibilities between the Chair, Chief Executive Officer and Senior Independent Director ('SID') is clearly defined on page 100 and set out in writing within our Charter of Expectations, which is available on our website.

Composition, Succession and Evaluation

- Details about the composition of the Board, along with individual Board members' biographies and tenure, are on pages 98 to 99.
- The outputs of this year's internal Board Performance Review are set out on pages 103 to 104.
- The Nominations Committee Report is on pages 105 to 107 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 64 to 73.
- Our climate and nature-related financial disclosures are set out on pages 30 to 41.
- The Audit and Risk Committee Report, set out on pages 108 to 113, 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, which includes the proposed updates to the Directors' Remuneration Policy, can be found on pages 118 to 145.

Governance Framework

Strong governance underpins the delivery of our strategy, reflecting our commitment to accountability, responsible decision-making and long-term sustainable performance. The framework reflects the Board's overall responsibility for governance, internal controls and transparent reporting embedded in our well-established culture of Doing the Right Thing.

The Board

Responsible for the long-term sustainable success of Severn Trent. It sets the Company's purpose and strategy, determines risk appetite, oversees internal controls, and promotes a strong culture.

Board Committees

The Board delegates specific responsibilities to its Committees made up of Non-Executive Directors, which provide independent oversight and rigorous challenge on its behalf.

Audit and Risk

Oversees financial reporting, risk management and internal control effectiveness.

Read more on pages 108 to 113

Corporate Sustainability

Oversees the sustainability strategy and related risk.

Read more on pages 116 to 117

Nominations

Oversees Board composition, succession and independence.

Read more on pages 105 to 107

Remuneration

Oversees and determines executive remuneration packages, the Group's remuneration policy and outcomes.

Read more on pages 118 to 145

Treasury

Oversees treasury strategy and funding risk.

Read more on pages 114 to 115

Chief Executive Officer

Accountable for delivery and operational performance.

Supported by the Executive Team, develops and implements the Group's strategy and commercial objectives.

Severn Trent Executive Committee

Supports the Chief Executive Officer to ensure effective operational delivery.

Oversees the Steering Committees and Working Groups that support operational delivery of the Group's strategy.



James Jesic BSc (Hons), PhD, MIChemE, CEng
Chief Executive Officer
Executive Committee



Helen Miles ACMA
Chief Financial Officer
Executive Committee | Disclosure Committee



Shane Anderson BA (Hons) Econ
Director of Strategy and Regulation
Executive Committee | Disclosure Committee



Jude Burditt BA (Hons)
Director of Customer Solutions
Executive Committee



Steph Cawley BA (Hons), MSC
Director of Customer Operations
Executive Committee



Didar Dhillon BA (Hons), GLDP
Group General Counsel and Company Secretary
Executive Committee | Disclosure Committee



Paul Baxter BEng
Director of Capital Delivery
Executive Committee



Neil Morrison BSc (Hons), FCIPD, FRSA
Director of Human Resources
Executive Committee



Bob Stear MEng (Hons), PhD, MCIWEM, CWEM, FIWater
Chief Engineer
Executive Committee

Disclosure Committee

Oversees the Group's compliance with its disclosure and regulatory obligations, ensuring disclosures are materially accurate, reliable and timely, and supported by appropriate assurance.

Performance in the Round – Dividend 2025/26

The Board undertook a structured assessment of Severn Trent's performance in the round as part of its consideration of whether it was appropriate for the Company to pay a dividend in respect of the financial year without compromising its ability to deliver on customer, environmental and regulatory obligations. This assessment was undertaken alongside the Board's wider responsibilities for ensuring long- term success, financial resilience and the sustainable delivery of the regulated business.

How the Board approached its consideration

The Board focused on demonstrating that any dividend payment was justified and reflected strong operational performance for customers and the environment, did not compromise Severn Trent's ability to meet its statutory and regulatory obligations, and supported the Company's long-term stakeholder outcomes.

In reaching its determination, the Board considered performance across all key areas of delivery, covering customers, environmental performance and river health, operational delivery, people and communities, and financial resilience.

Board assessment of performance

Following this assessment, the Board concluded that Severn Trent delivered strong overall performance during the year, particularly when considered over time and in the context of demanding operating conditions, including periods of extreme drought conditions and exceptional rainfall, and heightened regulatory scrutiny.

The Board also considered areas where performance did not yet meet its ambition and confirmed that these were actively addressed as part of its overall assessment.

Financial resilience and dividend judgment

The Board assessed the proposed dividend in the context of the Company's financial performance, distributable reserves and balance sheet resilience. It concluded that the dividend:

- was fully supported by distributable reserves;
- did not impact regulated gearing, which remained below the levels required to maintain strong credit ratings;
- did not compromise covenant compliance, liquidity or the ability to finance future investment; and
- remained consistent with the assumptions underpinning the PR24 Business Plan.

The Board further noted that the dividend reflected performance delivered, rather than short-term financing effects, and preserved long-term financial resilience and was considered affordable, responsibly financed, and consistent with long-term financial resilience.

Regulatory standing and stakeholder relationships

The Company's regulatory and reputational position was assessed as very strong. Ofwat has awarded Severn Trent's PR24 Business Plan an 'Outstanding' rating, and the Company continues to sit in the top category for financial resilience. Severn Trent is one of only two companies to have achieved net ODI outperformance in every year of the 2020-25 AMP period, with cumulative outperformance of £434 million (pre-tax), and is expected to deliver the highest positive ODI outperformance in the first year of AMP8 at £54.48 million in 2022/23 prices. Constructive engagement with Ofwat, Defra, the Environment Agency and other stakeholders continues, with regular senior-level interactions and strong shareholder engagement supporting confidence in governance and performance.



In forming this judgment:

- **Supporting customers** in need was assessed as strong by the Board in several key areas. During the year, 36,000 customers were enrolled on the Company's Big Difference Scheme, an increase of 11,000 on the previous year, delivering over £6 million in bill savings, supported by £25 million of shareholder-funded assistance. In addition, 153,000 customers were proactively moved to metered billing where this resulted in financial benefit, generating average annual savings of £255 per customer. While household customer experience remains an area for improvement, the Board noted clear quarter-on-quarter improvement and was satisfied that credible, funded plans are in place to accelerate progress. This includes commitments to invest approximately £5 million in contact centre capacity and wider service improvements to help deliver better outcomes for customers. Performance in Developer Services continued to be sector leading, while outcomes for business customers have also improved significantly over the year, supported by enhanced data quality and service levels.

- **Environmental performance and river health** demonstrated sustained, industry-leading delivery over multiple years. The Board noted that Severn Trent was on track to achieve an unprecedented seventh consecutive years of an EPA 4* rating from the EA, an outcome the Board regarded as significant given the increasingly challenging environmental targets. The Board also recognised the significant investment and reduction in storm overflow spills, with a 41% year-on-year reduction, and continued reductions in the Company's operational contribution to RNAGS and improvements in river health, with CSOs down to an average of 15 spills this year from 25.4 spills last year. We remain on-track to be responsible for less than 2% RNAGS by 2030.

- **Operational delivery** experienced a strong start to AMP8. 78% of performance commitments that mean the most to customers were forecast to be delivered, with particular strengths in leakage reduction, reductions in sewer floodings and improved biodiversity outcomes. Leakage performance remains sector-leading, representing the lowest level of leakage ever achieved and the eighth consecutive year of meeting targets. Internal sewer flooding is forecast at a best-ever performance, while external sewer flooding continues to improve year on year. Forecast ODI performance and PCD rewards were regarded by the Board as evidence of effective execution, operational capability and disciplined risk management.

- **People and communities** remained a central consideration. The Board noted continued focus on workforce safety, investment in future skills through expanded graduate and apprenticeship programmes, and meaningful community impact, including the award of nearly £1.75 million across 92 organisations, supporting nearly 630,000 people through the Community Fund during the year. The Company's wider Social Impact Strategy has supported 39,000 people at risk of water poverty to date and has received external recognition for socially inclusive recruitment and accountability practices.

Board determination

Taking performance, resilience and future obligations together, the Board concluded that Severn Trent has demonstrated strong and improving delivery for customers and the environment, robust operational and financial performance, and effective management of risks.

Following its assessment, and in accordance with the Company's formal Dividend Policy, the Board concluded that the proposed Group dividend would not adversely affect the financial health of the Company. The decision was underpinned by strong performance in the round and over time, and the Board was satisfied that the payment of a dividend for the year was responsible, balanced and consistent with its duties to customers, the environment and shareholders.

Further detail on the Board's approach to performance in the round for remuneration purposes is set out in the Remuneration Report from page 118.

Further detail specifically on Severn Trent Water's performance and dividends is set out in the Severn Trent Water Annual Report and Annual Performance Report.

Chair's Introduction to Governance



Christine Hodgson
Chair, Severn Trent Plc

Governance Highlights

CEO succession:

James Jesic appointed January 2026

Board independence retained at:

75%

Gender representation:

50% Female

50% Men

Stakeholder engagement:

4 customer forums

2 site visit

230 investor meetings

Dear Shareholders

I am pleased to introduce our Governance Report for 2025/26, on behalf of your Board. This has been a year of significant leadership transition, heightened public and regulatory scrutiny, and continued focus on strengthening the frameworks and behaviours that underpin effective governance and long-term trust. Throughout the year, the Board has remained focused on maintaining robust oversight, supporting the Executive through change, and upholding the highest standards of transparency, accountability and corporate governance in the interests of our customers, stakeholders and the communities we serve.

Strengthening Board Leadership & Seamless CEO Succession

Effective succession planning is a core element of the Board's governance framework and has continued to be an area of focus during the year. Following a structured process overseen by the Nominations Committee, James Jesic was appointed Chief Executive Officer with effect from 1 January 2026. The transition was managed to ensure continuity of leadership and strategic clarity, supported by a phased handover from Liv Garfield. The Board is grateful for Liv's leadership and for her support in enabling a smooth and orderly transition. The Board remains focused on maintaining the appropriate balance of skills, experience and independence to support effective oversight and the delivery of its strategic priorities through AMP8 and beyond.

Remuneration Policy Engagement

During the year, we also undertook a comprehensive review of our Directors' Remuneration Policy to ensure it remains aligned with the scale, complexity and ambition of AMP8, and continues to support sustainable long-term performance. These updates are being made to ensure the Policy can support our AMP8 ambitions through a rebalanced focus on long-term incentives, together with market benchmarked packages, that enable us to attract and retain the calibre of leadership required for the years ahead. As part of this, the Remuneration Committee is proposing measured enhancements to strengthen the link between reward, delivery and long-term value creation, including an increased emphasis on long-term incentives and strengthened shareholding requirements for Executive Directors.

We have engaged extensively with our major shareholders and proxy advisers throughout the review, and I am grateful for the constructive and transparent dialogue that has helped to shape our final proposals. We will be putting the updated Policy forward for shareholder approval at this year's Annual General Meeting. Further detail on the proposed changes, the engagement undertaken and our wider approach to remuneration can be found in the Directors' Remuneration Report on pages 118 to 145.

Maintaining Trust Through Strong Stakeholder Governance

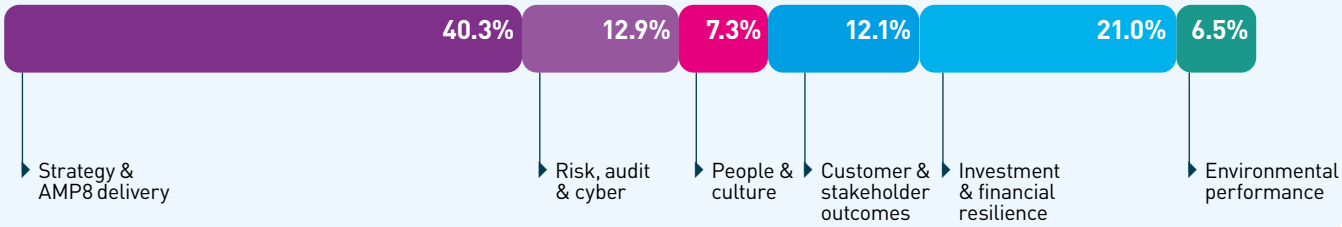
The Board continued to shape and monitor the culture of the organisation through regular engagement with colleagues, site visits and feedback from our workforce engagement forums. These insights remain invaluable in ensuring our culture continues to support both our AMP8 commitments and our long-term purpose.

Rebuilding and strengthening public trust across the water sector remains a central priority for the Board. We have continued to invest significant time in engaging with customers, regulators, investors, colleagues, community organisations, MPs and local councils and environmental groups. This includes customer engagement forums, regulatory dialogue, colleague forums and deep-dive sessions on environmental performance, cyber resilience and data quality. Further information is available within the Board's activities disclosure on page 101.

We know that maintaining trust requires more than just listening; it requires clear actions and openness about where we must improve. This year's performance included areas of strong delivery but also challenges such as two serious pollution incidents[1]. Both incidents were unforeseen and the Board closely oversaw management's response to the incidents and lessons-learned, reinforcing our commitment to transparency and remediation.

1 We are currently undergoing an appeal process in relation to a third serious pollution.

How the Board spent its time in 2025/26



Cyber Security, Data Integrity & Operational Resilience

With cyber threats intensifying across all regulated sectors, and a number of high-profile breaches across the retail and manufacturing sectors, the Board reinforced its oversight of cyber resilience this year. We held a dedicated cyber readiness deep-dive session covering detection capabilities, incident response, supply chain dependencies and data governance. Reflecting the Board's view that cyber risk should be managed on a 'when' not 'if' basis, management has been tasked with developing and rigorously testing detailed business continuity and response plans. Such plans must focus on building operational resilience, ensuring the business can continue to deliver its core services under a range of adverse scenarios. This includes strengthening processes, governance and capabilities so that critical activities can be sustained, even in the face of significant disruption.

During the year, the Board took part in a live cyber incident simulation, which you can read more about below.

Board Activities & Governance Focus Areas in 2025/26

Across the year, the Board and its Committees focused on a broad programme of work including leadership transition, AMP8 delivery, customer outcomes, risk management, environment, culture and workforce engagement, financial resilience and Provision 29 preparedness.

The Board also completed its annual performance review, which reaffirmed that we continue to operate effectively, with strong collaboration, open dialogue and constructive challenge, supported by high-quality information and engagement with management and stakeholders. The review highlighted the Board's strong strategic focus, values-led culture and effective Committee oversight. A small number of enhancements were identified, including continued focus on the agenda and Board reporting, and we are already taking these actions forward as part of our commitment to continuous improvement.

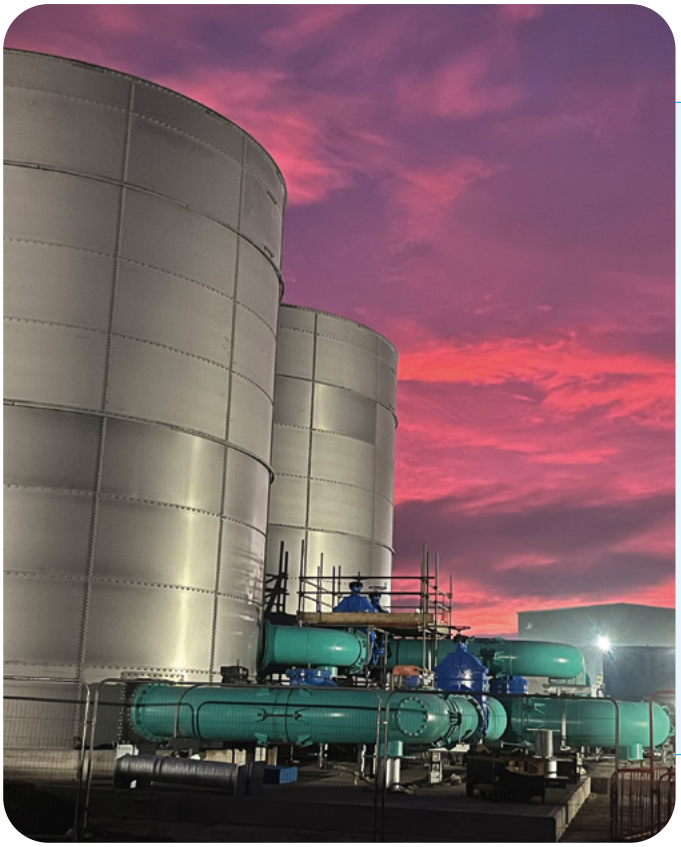
Looking Ahead

The year ahead will be pivotal as we continue to deliver on our AMP8 commitments, strengthen performance in priority areas, embed our leadership transition and respond to evolving regulatory expectations.

The Board remains fully committed to supporting management while providing rigorous oversight, ensuring Severn Trent remains a company trusted to deliver for its customers, communities, environment and shareholders.



Christine Hodgson, CBE
Chair, Severn Trent Plc



Strengthening Board Cyber Resilience

As part of our continued focus on operational resilience, the Board participated in a live cyber incident simulation during the year. This exercise replicated the pressure, pace and uncertainty of a real cyber attack, enabling Board members to test decision-making, escalation routes, crisis communication and regulatory reporting in a realistic environment.

The session was exceptionally valuable, strengthening our understanding of the evolving threat landscape and reinforcing the importance of robust governance, clear lines of accountability and rapid, coordinated action. The Board demonstrated strong engagement throughout and has since enhanced its oversight through more frequent reporting and deeper scrutiny of cyber resilience plans.

This exercise has only sharpened our focus to ensure we remain prepared, informed and confident in our ability to protect the essential public services our customers rely on every day.

Our Culture



Why culture matters to the Board

Our culture is one of Severn Trent's greatest strengths and continues to be a powerful differentiator at a time of heightened scrutiny across the water sector. Shaped over many years, it is defined by service, integrity, delivery and deep regional pride and has again underpinned our progress in 2025/26.

It is also a culture that drives consistent outperformance, with colleagues embracing high standards of operational excellence, environmental stewardship and customer care. This is reflected in our sector-leading ODI performance, continued strong environmental ratings and the momentum behind our record investment programme.

Our culture underpins how we think, act and make decisions across the Group, supporting sound judgement, responsible leadership and the delivery of high-quality services. Guided by Doing the Right Thing, it is reinforced through robust performance management, open feedback, and an emphasis on learning when things go wrong.

The Board sets clear expectations and leads by example, upholding the same standards expected of colleagues across the Group. To reinforce this alignment, all Directors complete a suite of mandatory training covering topics including Anti Bribery, Corporate Corruption and Fraud, Cyber Security, Doing the Right Thing, GDPR, Market Abuse and Modern Slavery. Completing this shared training framework ensures that Directors operate to the same cultural expectations and behavioural standards as colleagues. Our culture continues to be a lens through which the Board assesses organisational performance, capability and future resilience.

How the Board assesses and assures cultural alignment with purpose, values and strategy

The Board draws on structured insight and direct engagement to assess whether our culture aligns with our purpose and values and is consistently demonstrated across the business. Insight gathered through site visits, Meet Our Board sessions and the Company Forum provides a candid view of how colleagues experience openness, leadership visibility and safety in their day-to-day roles.

This is complemented by certain indicators, including colleague survey results, Speak Up themes, safety performance, wellbeing data and customer feedback. Together, these sources give the Board visibility of behaviours in practice and highlight areas where action may be required.

The Board also considers leadership and succession decisions as an important indicator of cultural alignment. The appointment of James Jesic as our new CEO demonstrates the strength of our internal talent pipeline and the resilience of our culture. With more than 20 years experience in operational and customer-facing roles, this appointment reinforces our focus in developing leaders who understand our regions, live our values and embody our cultural DNA.

This continuity reinforces cultural alignment, ensuring stability, ambition and a shared sense of responsibility for delivering AMP8 with pace and integrity.

How the Board accesses employee voice

The Board has considered the Code's three recommended workforce engagement mechanisms and continues to believe that Severn Trent's multi-channel colleague engagement method provides an effective and representative workforce view. The Corporate Sustainability Committee and the Board receive regular reports on colleague views, cultural indicators and workforce trends.

Whilst we do not operate a single designated workforce engagement Non-Executive Director, our collective model offers deeper and more frequent opportunities for engagement across a broad cross-section of the workforce. The Board keeps this approach to engagement under review and will continue to assess its effectiveness annually.

Company Forum

Severn Trent's chosen workforce engagement mechanism is the Company Forum, an established structure that brings together colleagues and Trade Union representatives together with members of the Board and the Executive Committee. This mechanism enables regular, structured dialogue and ensures that the workforce voice informs the Board's understanding of culture, strategic execution and the realities of day-to-day operations.

Non-Executive and Executive Directors attend sessions on a rotational basis, giving the attending Director direct exposure to workforce views and enabling employees to hear first-hand about the issues the Board is discussing, including strategic priorities, performance, and emerging risks. The Company Forum agenda is deliberately broad ranging from customer service and operational performance to wellbeing, safety, technology adoption and cultural themes, allowing our Directors to gain deeper insight into how strategy is being delivered across various functions, teams and locations.

The Company Forum plays a critical role in helping the Board understand the lived experience of colleagues across a diverse range of roles, seniority levels, and demographic backgrounds. Following each meeting, the attending Directors provide a formal report to the Board summarising the insights, themes raised, and any emerging issues requiring consideration. This allows the Board to ensure workforce perspectives are meaningfully incorporated into Board-level discussions.

Across this year's sessions, key themes have included operational learning maturity, personal safety and wellbeing, customer impact, early career development and local leadership presence. The Board also observed shifts compared with the prior year, with discussions becoming more learning and delivery-focused, technology conversations moving towards stabilisation, behavioural change and operational readiness, wellbeing themes broadening to personal security and preventative support, and early career pathways becoming more evidence-based with measurable outcomes.

Read more in our Stakeholder Engagement section from page 79.

To build a rounded view of colleague experience and how culture is embedded across the Group, the Board draws on a range of complementary insight sources. Together, these insights inform the Board's assessment of how culture is embedded across the Group and ensure that any areas requiring focus or assurance are identified and acted upon.

Direct engagement:
Our 'Meet Our Board' events, site visits and operational deep dives, give Directors first hand exposure to colleague perspectives and workplace culture in practice.

Employee voice and engagement:
Insights are provided from the annual employee engagement survey, pulse surveys and feedback gathered through listening channels, including workforce comments raised during engagement events and the Company Forum.

Workforce policies and practices:
Regular reporting on people policies, wellbeing, leadership, development, and Speak Up themes, enable the Board to understand how consistently our purpose, values and expected behaviours are reflected across the Group.



Culture in Action

Developing our culture and capability through early career pathways

Our early career pathways strengthen our culture by widening access, removing barriers and supporting people to thrive from day one. Across apprenticeships, graduate roles and social recruitment programmes, we focus on values-based potential rather than background, building confidence, belonging and work readiness in young people.

With high completion rates and strong transitions into roles, these pathways are helping us grow the capability we need for the future, embedding our culture early, broadening our talent pipeline and supporting long-term workforce resilience.

Early careers to professional – strengthening pipeline, culture and retention

Individuals on early career pathways benefit from values-based recruitment, inclusive support and clear development pathways that help them transition successfully into professional roles. By combining mentoring, skills building and real-world experience, these early career programmes demonstrate how our culture is lived in practice and how we build capability for the long term.

Journey snapshot

- 18-24 months structured learning plus a six-month transition.
- Values-based entry routes with widened accessibility.
- Strong progression into permanent roles and broadening of future skills.
- High completion rates and positive colleague experience reinforce our culture.

How this reflects our culture

- Creates belonging and psychological safety from day one.
- Provides leadership visibility and two-way challenge.
- Strengthens colleague voice through early exposure to forums and networks.
- Embeds safety, integrity and collaboration through everyday experience.

Our culture remains aligned with our purpose and values and continues to support long-term sustainable success. Ongoing focus areas include colleague voice, leadership visibility and capability building to ensure our culture remains embedded and future ready.

Board Leadership and Company Purpose

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 98 to 99. Further detail on the role of the Chair and members of the Board can be found on pages 100 to 101.

The Board believes that its current composition provides an effective balance of experience, independence and sector-relevant skills to support delivery of the Group's strategy and regulatory commitments.

An effective Board

An effective Board not only requires the right mix of skills and experience, but also a diversity of perspectives and thinking styles shaped by Directors' varied backgrounds. As outlined in their biographies on pages 98 to 99, our Board brings together a broad and complementary range of capabilities, forming a balanced and effective leadership team focused on the long-term sustainable success of the Group.

The skills matrix on page 88 highlights the key areas of expertise that the Board has identified as particularly valuable for the effective oversight of the Company and execution of our strategy. The matrix sets out the specific skills that directors bring to the boardroom, ensuring we maintain a broad set of skills, strong strategic challenge and robust governance. The skills matrix is reviewed at least annually to ensure continuing alignment with the evolving needs of our business, both today and in the future. It is aligned with our strategic priorities, to ensure the Board remains fully equipped to oversee the delivery of our strategy and purpose, while providing constructive, high-quality challenge to our experienced Executive Committee.

The Board provides strong leadership and direction, ensuring that the Company's purpose, values and culture remain aligned with its long-term strategy. Directors have focused on the areas most critical to sustainable success, including AMP8 delivery, environmental performance, customer outcomes, resilience and affordability. This work is supported by comprehensive reporting and regular engagement across the business and with external stakeholders, giving Directors deep insight into operational realities and stakeholder expectations.

The Board's effectiveness is reinforced through continuous review and a commitment to high-quality governance. Together, these elements ensure decisions are made with independence, clarity and a long-term perspective, supporting value creation for customers, communities and shareholders.

More detail on this year's performance review can be found on page 103.

Board composition

The Chair, SID and Non-Executive Directors are appointed for three-year terms, with each Director standing for annual re-election by shareholders following the outcomes of the Board performance review. Directors' Letters of Appointment are available on the Severn Trent Plc website.

The Nominations Committee regularly reviews the Board's composition and effectiveness, considering the balance of skills, tenure, experience and independence, in line with the Board Diversity Policy. New Board appointments follow a formal, rigorous and transparent process led by the Nominations Committee, although all appointment decisions remain reserved to the Board.

Further detail on the Committee's work appears on pages 105 to 107.

The Board recognises that diversity of background, experience and perspective enhances decision-making and long-term performance. In the latest FTSE Women Leaders Review, Severn Trent ranked 4th for female representation at Board level, reflecting our ongoing commitment to diversity and inclusion. Progress also continues on ethnic diversity, consistent with the Parker Review expectations, ensuring the Board reflects the communities we serve.

These outcomes underscore our commitment to fostering an inclusive environment where diverse thinking strengthens Board discussions and decisions.

Performance against our Board Diversity Policy and related targets is set out in the Nominations Committee Report on pages 105 to 107.

Board leadership and long-term success

The Board is responsible for safeguarding the long-term success of Severn Trent by providing clear strategic leadership and ensuring our objectives remain firmly aligned with the Company's purpose and values. We have a strong and highly capable Board whose breadth of professional backgrounds, sector knowledge and technical expertise positions Severn Trent to deliver on the scale and ambition of AMP8. Directors bring deep knowledge and experience across regulated utilities, sustainability, finance, large scale capital delivery, technology and operational transformation, equipping the Board to oversee the record levels of investment and rapid execution required over this AMP.

Upholding the highest standards of governance is central to the Board's role. Throughout the year, the Board provided effective oversight of performance, financial resilience, risk management and stakeholder engagement, supporting decision-making that prioritises long-term value for customers, communities, employees and shareholders. The diversity of skills and perspectives across the Board enables robust, balanced and well informed discussions characterised by constructive challenge and independent judgment.

During the year we delivered smooth transitions into key leadership roles, including the appointment of our new Senior Independent Non-Executive Director, Nick Hampton, in April 2025 and the transition to James Jesic as Chief Executive Officer on 1 January 2026. Both appointments reflect the Board's focus on leadership continuity, with their extensive operational and customer experience supporting the next phase of our AMP8 delivery.

Development, training and resources

In line with the Code, the Board ensures all Directors maintain the necessary skills and knowledge to discharge their responsibilities effectively. Ongoing development is tailored to the evolving external environment and the needs of the business.

The Board regularly reviews training priorities with the Group Company Secretary, drawing on professional advisers and subject matter experts for targeted updates. These sessions cover a broad range of strategic, operational and regulatory topics and support informed decision-making.

During the year, the Board participated in a number of deep dive sessions, including on:

- delivery plans for AMP8;
- environmental performance;
- customer affordability and vulnerability;
- exceptional weather preparedness;
- innovation and AI; and
- diversity and inclusion.

Directors also have access to an up to date online resource library containing governance materials, Investor Relations and regulatory briefings, and further reading on legislative developments and best practice.

Board induction

A structured and tailored induction programme is provided for each new Non-Executive Director. This includes meetings with the Chair, fellow Non-Executive Directors, the Chief Executive, Chief Financial Officer, Group General Counsel and Company Secretary, and members of the Executive Committee and Senior Management. New Directors undertake site visits across water and wastewater operations and capital projects, gaining insight into the Group's activities, strategy, culture and regulatory framework.

Directors also receive briefings on their statutory duties and on the expectations of Ofwat for Directors of regulated water companies. In line with regulatory expectations, prospective Directors also meet with Ofwat prior to formal appointment. Feedback from new Directors and findings from the Board performance review inform enhancements to the induction process, with induction materials available to all Directors through a dedicated online manual.

Feedback continues to indicate that the induction programme provides an effective foundation for new Directors to contribute quickly and confidently.

Board independence

The Board ensures strong independent oversight, with Non-Executive Directors providing challenge and holding the Executive Team to account. The Chair meets Non-Executive Directors privately to support open discussion, and all Directors have access to the Group General Counsel and Company Secretary and independent advice when needed.

The independence of our Non-Executive Directors is assessed annually by the Nominations Committee and as part of the Board performance review. 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 105 to 107.

All the Non-Executive Directors who served during 2025/26 were considered by the Board to be independent for the purposes of the Code and the Chair was considered to be independent upon her appointment.

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

External directorships

Board members may hold external directorships and other outside business interests, and we recognise the valuable perspective that wider boardroom experience brings. Directors are required to obtain formal approval from the Board ahead of undertaking any new external appointments and before accepting an additional role, and we closely monitor both the nature and number of these external appointments to ensure they do not compromise the time commitment required for their roles at Severn Trent, and in line with shareholder advisory group guidelines. Our Non-Executive Directors commit sufficient time to their duties in accordance with the expectations set out in our Charter of Expectations, which is available on our website.

Details of the Directors' external directorships can be found in their biographies on pages 98 to 99.

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 2026 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 Schedule of Matters Reserved to the Board is available on the Severn Trent Plc website.

Strategy

Well evaluated strategic decisions are essential to delivering our strategy and achieving our purpose of taking care of one of life's essentials. The Board is responsible for approving the Group's strategy and ensuring the framework is in place for its effective delivery, acting in the interests of all stakeholders.

During the year, the Board oversaw the continued implementation of the Group's corporate strategy. Alongside standing strategic items at each Board meeting, the Board holds an annual Strategy Day with the Executive Committee to consider the Company's strategic direction over the short, medium and long term.

Responsibility for the development and execution of the Group's strategy and commercial objectives rests with the Chief Executive, supported by the Executive Committee.

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 within our Strategic Report on pages 1 to 87. 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 84 to 86 sets out how the Board has considered and contemplated the interests of all of our key stakeholders.

An overview of the Board's engagement with stakeholders is set out on pages 79 to 83 and page 85.

Annual General Meeting ('AGM')

Our 2025 AGM was held on 10 July 2025, at which 82.97% of our shareholders voted on the resolutions put forward. We were delighted to receive in excess of 95% votes in favour for all of our resolutions. Shareholders were able to submit questions to the Board in advance of the AGM and to raise questions during the meeting.

The 2026 AGM will be held at 10.00am on Thursday, 9 July 2026. Full details on how to attend and the resolutions being proposed for shareholder approval are set out in the Notice of Meeting available on the Severn Trent Plc website.

Board of Directors



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 their stakeholders effectively and deliver their social purpose. Christine is a Fellow of the Institute of Chartered Accountants in England and Wales.

Other key appointments:
- Chair of Whitbread Plc
- Chair of Newton Group Holdings Limited
- Non-Executive Director of Spencer Stuart



E

James Jesic

BEng (Hons), PhD, MIChemE, CEng

Chief Executive

Appointed:
Chief Executive on 1 January 2026.

Career and experience:
James is Chief Executive Officer of Severn Trent, appointed on 1 January 2026, following more than two decades with the Company. James has held senior leadership roles across the business, including Customer Operations Director and Capital and Commercial Services Director, and became a member of the Executive Committee in 2017. He was also appointed Managing Director of Hafren Dyfrdwy, Severn Trent's licensed entity in Wales, in 2020.

James has a proven track record of delivering industry-leading financial and environmental performance, driving operational transformation, and leading Severn Trent's multi-billion-pound capital investment programme.

Skills and attributes which support our strategy and deliver long-term sustainable success:
James a chartered engineer with a PhD in Chemical Engineering, is recognised for delivering growth, leading transformation, and championing sustainability. His exceptional technical expertise and strategic leadership are underpinned by a passion for innovation, operational excellence, and creating long-term value for customers, communities, and shareholders.

Other key appointments:
- Managing Director of Hafren Dyfrdwy



D E

Helen Miles

ACMA

Chief Financial Officer

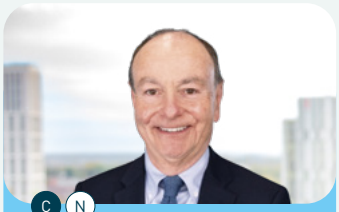
Appointed:
Chief Financial Officer Designate on 1 April 2023, Chief Financial Officer on 6 July 2023.

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.

Other key appointments:
- Non-Executive Director of Breedon Group Plc
- Director of Water Plus Limited



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.

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 experience in sustainability, strategy and the energy sector including advising on the transition to low-carbon economy. He contributes to the Board's oversight on climate-related risks and opportunities, supporting the Group's approach to long-term resilience and sustainability ambitions. His external perspective strengthens consideration of stakeholder and regulatory developments.

Other key appointments:
- Chair and Non-Executive Director of Chapter Zero

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 | ● Committee Chair



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.

Other key appointments:
- Chief Executive of Tate & Lyle Plc



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.

Sarah also serves as the Chair of Hafren Dyfrdwy, the Group's Welsh regulated entity.

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.

Other key appointments:
- Non-Executive Director of Lloyds Banking Group Plc
- Non-Executive Director of Man Group Plc
- Non-Executive Director of Hafren Dyfrdwy



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 Chair 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.

Other key appointments:
- Chair of the National Institute for Health and Care Excellence
- Non-Executive Director of ITV Plc
- Non-Executive Director of Halma Plc



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.

Other key appointments:
- Managing Director and Chair of Greenhill & Co. International LLP



Non-Executive Director serving for part of the year

Kevin Beeston FCMA

Kevin stepped down from the Board on 30 April 2025, having served as an Independent Non-Executive Director since 1 June 2016, and Senior Independent Non-Executive Director since 20 July 2016. The Board thanks Kevin for the experience, insight and constructive challenge he brought to the Board during his tenure.

Division of Responsibilities

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 General Counsel and Company Secretary, to whom all Directors have access for advice and corporate governance services.

Non-Executive Directors

Chair

Christine Hodgson

- Leads our Board and is responsible for its effectiveness.
- Fosters a culture of inclusivity and transparency and sets the 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 General Counsel and Company Secretary.
- Responsible for scrutinising the performance of the Executive Committee and overseeing the annual Board Performance Review process.
- 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

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, alongside 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 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, as required, chair various Committees of the Board.

Executive Directors

Chief Executive Officer

James Jesic

- Represents Severn Trent externally to all stakeholders, including government, regulators, customers, suppliers and the communities we serve.
- Sets the cultural tone of the organisation in line with the Group's 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 activities with the highest standards of integrity, probity and corporate governance. The CEO's Review can be found on pages 10 to 11.

Chief Financial Officer

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 57 to 63.
- 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 government, regulators, customers, Pension Trustees for the Company's defined benefit pension schemes, lenders, suppliers and the communities we serve.

Group General Counsel and Company Secretary

Group General Counsel and Company Secretary

Didar Dhillon

- 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, individually tailored induction for newly appointed Directors 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.
- Ensures monthly reporting to the Board on regulatory and legal risks so the Board is fully sighted on emerging issues.

Board and Committee Meeting Attendance 2025/26

Director	Board (inc. strategy day)	Audit and Risk Committee	Corporate Sustainability Committee	Nominations Committee	Remuneration Committee	Treasury Committee
Christine Hodgson	**7/7**	-	4/4	4/4	6/6	-
Liv Garfield	**5/7**	-	-	-	-	-
James Jesic	**2/7**	-	-	-	-	-
Helen Miles	**7/7**	-	-	-	-	-
Kevin Beeston	**1/7**	-	-	-	1/6	-
Sharmila Nebhrajani	**7/7**	-	4/4	4/4	6/6	-
Tom Delay	**7/7**	-	4/4	4/4	-	-
Sarah Legg	**7/7**	6/6	4/4	4/4	-	5/5
Richard Taylor	**7/7**	6/6	-	4/4	6/6	5/5
Nick Hampton	**7/7**	6/6	-	4/4	6/6	5/5

Changes to Board composition in the 2025/26 financial year: James Jesic was appointed to the Board on 1 January 2026 and Liv Garfield retired from the Board on 31 December 2025. Kevin Beeston retired from the Board on 30 April 2025.

Board Activities

These pages provide an overview of the key matters discussed by the Board throughout the year, reflecting a year in which the scale and pace of AMP8 delivery, coupled with changing legislation on environmental and customer performance, meant the Board devoted significant time to ensuring strong oversight of operational execution, investment delivery and cultural alignment. While not exhaustive, they offer clear insight into the Board's discussions and how its work remains focused on delivering our strategy (see page 14).

The Board follows a structured meeting schedule and forward agenda, supported by the Group Company Secretary. The forward agenda is structured to ensure appropriate focus on AMP8 delivery, customer experience, regulatory engagement, environmental outcomes and financial resilience, while remaining flexible enough to incorporate emerging risks such as cyber resilience and supply chain capacity. Each meeting is built around an agenda agreed by the Chair, Chief Executive Officer and Group General Counsel and Company Secretary to ensure time is used effectively.

A typical Board meeting will comprise the following elements:

- Reports from Board Committee Chairs outlining key discussions and matters requiring the Board's attention.
- Updates from each Company Forum, supplemented by reflections from attending Directors.
- Performance reporting, including the CEO Overview, CFO Report and Operational Performance Reports, with emphasis on customer delivery, environmental performance and progress against key AMP8 milestones and ODI trajectories.
- Deep dive papers on strategic priorities, opportunities and risks to assess progress and determine any required actions.
- Legal and governance updates, including delegated authority arrangements, whistleblowing procedures and approval of the Anti-Slavery and Human Trafficking Statement.
- Regular regulatory updates and regulator attendance.

Further detail on the Board's key considerations during 2025/26 is included in the Section 172 Statement on pages 84 to 86. After each meeting, the Chair typically holds a private session with the Non-Executive Directors, providing space for open discussion without Executive Directors or Senior Management. These sessions help maintain independent judgment and support effective strategic challenge.

Ahead of most scheduled meetings, the Non-Executive Directors also meet informally – either alone, with the full Board and the Group General Counsel and Company Secretary, with members of the Executive Committee, or occasionally with external attendees such as regulatory representatives. These discussions strengthen working relationships, bring in external perspectives, and enable reflection on wider strategic, operational and regulatory matters.

Stakeholder key

Customers | Colleagues | Communities | Shareholders and Investors | Suppliers and Contractors | Regulators and Government

Strategic, regulatory and environmental



Stakeholders

Key activities

The Board sets the Company's strategy and spent significant time in the year considering its strategic execution. Key matters considered during the year included:

- Long-term environmental strategy, including the Net Zero Transition Plan
- Regulatory frameworks including PR24 deliverability
- Innovation, technology and AI strategy
- Customer vulnerability, affordability and consumer engagement
- Strategic growth and commercial development
- Major environmental and asset management strategies
- Board strategy deep dives (e.g., water quality, capital innovation, biosolids)

Outcomes

Sharper strategic focus on long-term environmental resilience, regulatory readiness and innovation, ensuring the business is well positioned for future growth.

Key approvals during the year

- Water Resource Management Plan 2025
- Long-term Net Zero Ambition and our Net Zero Transition Plan
- Pollution Incident Reduction Plan
- WICS Compliance Statement
- Approval of Indicative Wholesale Charges for 2026/27

Internal controls, risk management and governance



Stakeholders

Key activities

The Board sets the approach to risk management and oversees the effectiveness of our internal controls, including our governance framework.

Key matters considered by the Board, with the support of the Audit and Risk Committee, during the year included:

- Enterprise risk oversight and risk appetite
- Cyber security, data and technology resilience
- Emerging risks
- Safety, security and regulatory compliance (e.g., SSSIs, reservoir safety)
- Insurance, authorisation arrangements, and governance frameworks
- Annual governance assessments and control effectiveness reviews

Outcomes

More robust risk management and governance frameworks, enhancing assurance, cyber resilience and long-term operational stability.

Key approvals during the year

- Annual Risk Appetite Statement
- Annual review of Principal Risks

Board Activities continued

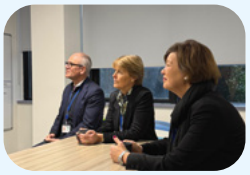


Board wastewater site visit

In April 2026, the Board visited Severn Trent's Hayden and Stoke Orchard sites to see how investment is improving service for customers and strengthening environmental performance. At Stoke Orchard, the Board viewed upgrades that help the site manage higher flows more reliably, supporting better river health and reducing the risk of spills during heavy rainfall.

Board members also saw new monitoring technology that helps teams spot issues earlier and modern lining methods that protect pipes from leaks and groundwater entering the network. The visit gave the Board valuable insight into how operational improvements directly benefit customers, communities and long-term asset resilience.

Financial



Stakeholders

Key activities

The Board receives updates on the Company's financial performance at each meeting and oversees the financial strategy across the Group. Key matters considered during the year included:

- Year-end reporting and financial planning
- Group-wide budget, funding and treasury strategy
- Dividend decisions (Group and subsidiary)
- Investor relations approach and shareholder engagement
- Pensions, tax, and wider financial risk management
- Long-term financial policy, including AMP8 dividend strategy

Outcomes

Disciplined financial stewardship supporting sustainable investment, resilient cash flows and strong long-term value for shareholders and stakeholders.

Key approvals during the year

- Establishment of Australian Medium-Term Note Programme
- Annual Report and Accounts 2024/25
- Annual Performance Reports 2024/25
- Viability and Going Concern

Culture, Diversity and Inclusion



Stakeholders

Key activities

The Board is responsible for monitoring and assessing the culture of the Group. Key matters considered during the year included:

- Employee voice and engagement
- Workforce policies, culture and Code of Conduct oversight
- Diversity, equity and inclusion progress
- Health, safety and wellbeing performance
- Whistleblowing and ethical conduct review

Outcomes

A more inclusive, values-led culture reinforced through active employee engagement, strengthened workforce policies and continued focus on wellbeing and representation.

Key approvals during the year

- Approval of Anti-Slavery and Human Trafficking Statement 2025

Talent and Succession Planning



Stakeholders

Key activities

The Board is responsible for monitoring and assessing talent and succession planning within the Group. Key matters considered during the year included:

- Organisation-wide talent review
- Executive and senior leadership succession planning
- Leadership diversity and future workforce needs
- Annual Board Performance and effectiveness review

Outcomes

Enhanced leadership capability and clear succession pipelines ensuring organisational resilience and readiness to deliver long-term strategic priorities.

Key approvals during the year

- CEO Succession
- Board Diversity Policy
- Gender and Ethnicity Pay Gap Report 2025

Board Performance Review

Ensuring high-quality governance, effective oversight and continuous improvement.

Board Performance Review Cycle

During the year, the Board completed its 2025/26 internal performance review, the third year of its three year evaluation cycle. The review considered the effectiveness of the Board and its Committees, including the quality of challenge and decision making, the culture of open dialogue, and how effectively Directors and the Executive Team work together to deliver the Company's strategic objectives.

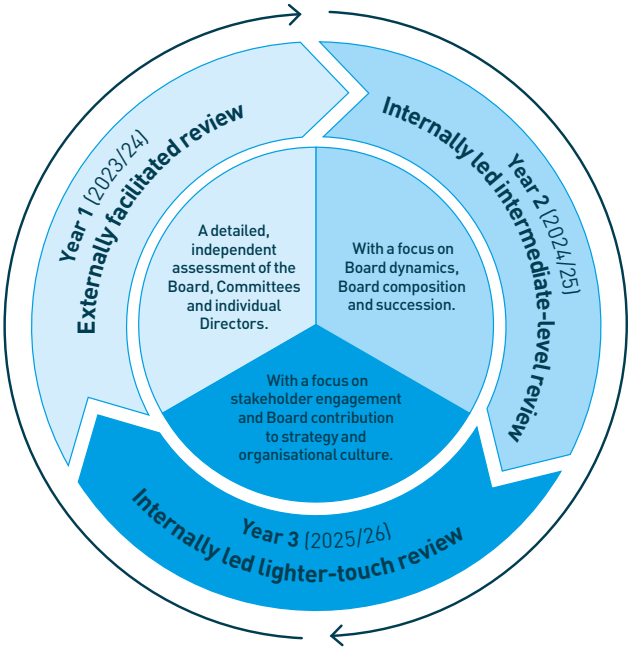
The review also assessed Board composition, including the balance of skills, experience, independence and diversity, and how these support effective collaboration and robust discussion. Diversity is recognised as a key contributor to Board effectiveness, bringing a range of perspectives and constructive challenge.

The Board's three year performance review cycle is aligned with the Code and the Corporate Governance Institute's Principles of Good Practice, supporting continuous improvement in Board effectiveness, composition and diversity.

2025/26 Board Performance Review Findings

The review confirmed that the Board continues to operate effectively, with strong strategic debate, constructive challenge and a positive, values-led culture. Directors highlighted high-quality information flows, supported by site visits and external speakers at meetings, and a strong working dynamic between the Board, Executive Directors and Senior Management. The Board's strategic focus, collaboration with the Executive Team and engagement across the organisation were all viewed as key strengths.

Stakeholder engagement remains robust, particularly with regulators, government and the workforce. Committees were assessed as highly effective with strong Chair leadership, and relationships around the Board table continue to be open and constructive.



2025/26 Board performance review process

To shape the 2025/26 performance review, the Group General Counsel and Company Secretary drew on insights from the 2023/24 externally-facilitated review, the 2024/25 internal review and Code expectations. A focused questionnaire was developed to capture Directors' views on Board performance across key areas, including accountability, oversight, strategy, value creation, culture, behaviours, stakeholder engagement and the quality of information provided to the Board and its Committees.

The Group General Counsel and Company Secretary consolidated all responses, identifying key themes and potential actions. A summary of the findings was prepared for the Chair to review, and the final report was presented to the Board at its March 2026 meeting.

The Board continues to oversee progress against agreed actions to ensure timely delivery. The Nominations Committee also plays a key role in monitoring actions relating to Board succession, composition, recruitment and induction.

Stage 1 Review & Plan → **Stage 2** Input & Discuss → **Stage 3** Evaluate & Report → **Stage 4** Consider & Agree → **Stage 5** Monitor & Track

Directors completed the questionnaire and participated in comprehensive one-to-one meetings with the Group General Counsel and Company Secretary. Separate discussions were held to assess the effectiveness of the CEO, CFO and Group General Counsel and Company Secretary, led by the Chair, while the SID oversaw the Chair's own performance review.

The findings were used to agree a set of actions, formally recorded for implementation and monitoring. The review outcomes also informed recommendations on the appointment and reappointment of Directors, including breadth of skills, independence, time commitment and individual performance.

> The 2025/26 performance review confirms a highly effective Board, strong governance foundations and a clear commitment to continuous improvement.

Board Performance Review continued

Progress on 2024/25 actions

Recommendation:
Opportunities to strengthen risk management framework, including enhancing horizon scanning to identify potential emerging or low-likelihood, high-impact risks.

Progress to date:
Horizon scanning and 'black swan' considerations embedded into risk cycle.

Recommendation:
Further enhancements to Board agendas could include dedicating more time to strategic opportunities, customer insight and innovation/AI, and scheduling key legal and governance items earlier where helpful.

Progress to date:
Board agendas continue to evolve to sharpen strategic focus and ensure appropriate attention on the right matters.

Recommendation:
Notwithstanding the high quality of Board reporting, and excellent progress made in enhancing reporting during the year, there was an opportunity for reports to be more succinct and executive summaries to be crisper.

Progress to date:
Feedback from last year's review led to clearer, more focused Board papers. We continue to refine guidance, templates and the use of AI to ensure continued progress.

Recommendation:
The introduction of 'Meet the Board' events had been very positive. It was considered that these could be held more frequently moving forward.

Progress to date:
'Meet the Board' sessions are now a regular part of our stakeholder engagement programme and continue to provide valuable two-way insight.

Priorities for 2026/27

The Board agreed the following focus areas for the coming year:

Sharpen strategic priorities and direction
Action:
Refine Board forward agenda to protect time for strategic discussion on emerging themes, strategic priorities and new CEO priorities.

Initial Progress:
An initial review of the forward agenda has been undertaken to check overall coverage of the right matters, alongside preserving space for future strategic matters.

Explore additional routes for customer insight and other broader stakeholder engagement
Action:
Give greater prominence to customer service. Receive regular reports on how customer insights feature in related Board decisions in line with the new Ofwat Consumer Involvement obligations.

Initial Progress:
Initial steps have been taken to incorporate more customer-focused discussions into the Board forward agenda. Board papers have also been updated to highlight customer considerations alongside other Section 172 factors.

Continue to improve the quality, focus and structure of Board papers
Action:
Review Board paper templates and guidance, to enable the streamlining and clarity of reporting packs.

Initial Progress:
We are reviewing Board paper guidance and templates and have added some optional AI tools on the Board paper platform to support with sharper, focused Board discussions.

Continue to strengthen regulatory capability and sustainability discussions to include wider resilience themes
Action:
Continue to keep under review the appropriate balance of dedicated regulatory and sustainability briefings and regulator attendance at Board meetings.

Initial Progress:
External speakers diarised to attend certain Board meetings throughout the year, as appropriate.

Consider how culture is being embedded and reported to the Board
Action:
Continue to provide the Board with visibility of the Company culture.

Initial Progress:
We will continue to share insights on Company culture with the Board through ongoing employee engagement activities and regular feedback channels, such as QUEST.

Ensure robust leadership succession and alignment with long-term value creation
Action:
Maintain a strong, forward-looking approach to Board and Executive succession, while ensuring remuneration arrangements continue to support long-term sustainable value creation for shareholders.

Initial Progress:
Succession planning remains a regular item for the Nominations Committee, with updates to the Board. Consultation on the AMP8 Remuneration Policy took place during the year, with details of the proposed policy on page 122 to 127.

Nominations Committee Report



Christine Hodgson
Chair of the Nominations Committee

Documents available at severntrent.com

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

Dear Shareholder

I am pleased to present the work of the Nominations Committee over the past year as we continued to ensure that the Board has the right balance of skills, experience, knowledge and diversity to provide effective leadership and support the long-term success of the Company. We also maintained strong oversight of the Executive Committee's succession plans to ensure a stable and capable leadership team for the years ahead.

A major area of focus this year was the CEO succession process, which was completed following a thorough and objective process. Succession remains a key priority for any well-governed Board and given Liv Garfield's lengthy and successful leadership of the Group over the past 11 years, the Board had been regularly assessing its succession plans. The process undertaken was rigorous, assessing the operational, financial and wider stakeholder management requirements of the role, against a strong and diverse field of candidates. James Jesic emerged as the standout candidate, and the Board unanimously approved his appointment as CEO.

James' promotion to CEO created a vacancy in the Executive Team, and we were delighted with the depth of internal talent which allowed for the appointment of Paul Baxter to the critical role of Capital Delivery Director. Paul brings considerable operational experience gained across many areas of Severn Trent and provided a seamless transition.

Following the announcement of Kevin Beeston's retirement as Senior Independent Director on 30 April 2025, Nick Hampton was appointed as an Independent Non-Executive Director on 4 April 2025 and subsequently succeeded Kevin as Senior Independent Director, effective from 1 May 2025. Nick also joined the Audit and Risk, Remuneration, Treasury and Nominations Committees. Further details on his career and experience are provided on page 99. Nick's breadth of experience, combined with his commercial and operational insight, strengthens the Board's capability as we continue to grow the Group sustainably and maintain strong delivery for our customers and the communities we serve.

Diversity and Inclusion remains a priority for the Board. During the year, we reviewed the Board Diversity Policy and progress against its objectives, confirming that and the Company continues to meet all the Listing Rules diversity targets, and ensuring the Board reflects the diversity of our region and stakeholder base. The Committee also maintained oversight of the Company's wider talent and succession plans for the Board and senior leadership, building on the successful executive transitions delivered during the year. In collaboration with management, we continued to enhance internal succession pipelines, with a strong emphasis on developing future leaders with the potential to step into senior positions.

As part of our broader governance responsibilities, we reviewed Directors' independence, external commitments and conflict authorisations. The Committee concluded that all Non-Executive Directors remain independent, fully able to commit the required time to their roles, and are not overboarded. These recommendations were approved by the Board.

Further details of the Committee's activities during the year are set out in this report.

Christine Hodgson
Chair of the Nominations Committee

Committee membership and attendance

All members of the Committee are Independent Non-Executive Directors, with the exception of the Chair of the Board (who was independent on appointment). Only Committee members are entitled to attend meetings; the Chief Executive, Director of Human Resources, Group General Counsel and Company Secretary, senior management and external advisers may attend by invitation. The Committee is authorised to obtain external professional advice as required.

Membership and attendance during 2025/26 are shown in the table on page 100.

Board composition

The Committee remains satisfied that all key roles have credible succession and contingency plans in place. The Committee considers succession and contingency planning at each of its meetings and continues to make appropriate recommendations to the Board as necessary.

The Committee continued to strengthen our succession plans to ensure that both the Board and the Executive Team maintain the right balance of skills, diversity and experience, building on the strong foundations established in previous years. Recognising the importance of a robust and diverse leadership pipeline, we placed particular focus on executive succession to support Severn Trent's long-term strategy and operational delivery. During the year, alongside completing the CEO succession process and appointing a new Non-Executive Director, the Committee undertook a comprehensive review of senior management talent across the Group. These changes ensured that the Board and Executive Team continues to have an appropriate blend of experience, skills and independence. The Committee will continue to prioritise planning for upcoming Non-Executive Director retirements to maintain the Board's balance and effectiveness.

Enhanced review of independence

The Board recognises the value of experience but remains mindful of the Code requirements, which expects Non-Executive Directors to be subject to rigorous review after six years. In line with this, the Committee undertook an assessment of the independence, time commitment and contribution for Christine Hodgson who reached the end of her current term in January 2026, and Sharmila Nebhrajani who will reach the end of her term in May 2026. The Committee and Board concluded that both Non-Executive Directors continue to demonstrate independence, effective challenge and strong commitment, and remain well placed to act in the long-term interests of all stakeholders, with reappointment subject to shareholder approval at the upcoming 2026 AGM.

Board performance review

An internally facilitated Board performance review concluded that the Board and its Committees continue to operate effectively. The review identified a small number of opportunities for enhancement, including refining Board objectives and increasing visibility of executive succession planning. The Chair held one-to-one meetings with each Director to discuss their performance and development, and the Senior Independent Director carried out the annual review of the Chair's performance.

Nominations Committee Report continued

Key Areas of focus in 2025/26

Succession Planning

- Considering Non-Executive Director succession, including tenure, diversity and the skills matrix.
- Overseeing Executive succession planning for the CEO, CFO, and Executive Committee, considering composition, capability development and longer-term succession readiness.
- Reviewing the criteria for Non-Executive and Executive Director appointments and recommended the appointments of James Jesic as CEO, and Nick Hampton as Non-Executive Director and Senior Independent Non-Executive Director.

Board Composition

- Reviewing the composition of the Board and Committees, ensuring alignment with the skills, experience and diversity needed for current and future strategic priorities.
- Reviewing Director independence, including all external commitments, overboarding considerations and conflicts of interest.
- Overseeing Executive Committee and senior leadership succession, including talent development programmes.
- Reviewing and applying the Board Diversity Policy, ensuring alignment with the UK Listing Rules and best practice.
- Monitoring progress against diversity objectives and discussing how diversity supports Board effectiveness.

Governance

- Reviewing and recommending updates to the Committee's Terms of Reference, concluding they remain appropriate.

Looking Ahead

In the year ahead, the Nominations Committee will continue to support the Board in ensuring it is appropriately composed to provide effective leadership, challenge and oversight, both now and over the longer term. Succession planning will remain a key focus, with regular reviews of Board and Executive succession to support continuity and alignment with the Company's strategic priorities.

The Committee will maintain oversight of Board composition, independence and tenure, ensuring an appropriate balance of skills, experience and perspectives, informed by performance evaluations and evolving governance expectations. Promoting diversity and inclusion at Board and senior management level will remain a priority, with continued oversight of progress against the Severn Trent Board Diversity Policy.

Through this work, the Committee aims to ensure the Board remains effective, diverse and well positioned to support the long-term success of Severn Trent Plc.

Diversity on our Board

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. 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, Committees and Executive Committee.

The Annual Statement on Board Diversity Targets can be found below, and the main objectives contained in the Policy, along with an overview of the action taken to implement the Policy, are set out on pages 106. The full Policy is available on the Severn Trent Plc website.

Board diversity targets

As at 31 March 2026, the Board met all three targets set out in the Board Diversity Policy, which align with the Listing Rules' diversity and inclusion requirements. The Company also met the FTSE Women Leaders Review recommendations and the Parker Review target for ethnic minority representation, and in several areas exceeded the UK Listing Rules on gender and ethnic diversity.

- ↑ Above target
- – On target
- ↓ Below target

Board Diversity Policy target:
At least 40% of the individuals on the Board of Directors are women

50% ↑

50% of the individuals on the Board of Directors are women.

Board Diversity Policy target:
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

2 ↑

The Chair is a woman.
The Chief Financial Officer is a woman.

Board Diversity Policy target:
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

2 ↑

Two members of the Board of Directors are from minority ethnic backgrounds.

* All data is at 31 March 2026

Gender representation as at 31 March 2026	Severn Trent Plc Board			Severn 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	4	50	2	6	66.7
Women	4	50	2	3	33.3
Not specified/prefer not to say	0	0	0	0	0

Ethnicity representation as at 31 March 2026	Severn Trent Plc Board			Severn 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	4	8	88.9
Mixed/Multiple Ethnic Groups	1	12.5	0	0	0
Asian/Asian British	1	12.5	0	1	11.1
Black/African/Caribbean/Black British	0	0	0	0	0
Other Ethnic Group	0	0	0	0	0
Not specified/prefer not to say	0	0	0	0	0

Data concerning gender and ethnicity representation is collected directly from all 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 above and includes the option to not specify an answer. This data is collated by the Company Secretariat and held securely and in accordance with the Group's data protection processing and retention guidelines.

Board Diversity Policy Objective

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.	During the year, the Board engaged Russell Reynolds to support the appointment of Nick Hampton as Non-Executive Director and Senior Independent Director. Russell Reynolds has no other connections with the Company. As part of the CEO succession process, the Board engaged Spencer Stuart to provide external assessment and market mapping. Following this process, James Jesic was appointed as Chief Executive Officer. Christine Hodgson is an Independent Director on the Board of Spencer Stuart. The Board considered Christine's external role and was satisfied that appropriate safeguards were in place to manage any potential conflict of interests.
Ensure that Board and senior management candidate lists are 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.
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

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 pleased to introduce this year's report, which outlines how the Audit and Risk Committee has supported the Board in safeguarding the integrity of the Group's financial, regulatory and narrative reporting.

Over the year, the Committee oversaw the effectiveness and independence of Internal Audit and the External Audit, monitored the robustness of the Group's internal control framework, and reviewed the processes enabling the Board to assess principal risks and risk appetite. This included regular consideration of the Group's top and emerging risks, the effectiveness of the Enterprise Risk Management ('ERM') Framework, and the adequacy of management's actions to mitigate material risk exposures, within the context of the approved risk appetite. I maintained regular dialogue with Committee members, management and both our outgoing and incoming External Auditors to ensure we received the information and insight needed to provide informed challenge and assurance. As part of the transition to PwC, I met regularly with the new auditors to understand and review audit planning and ensure audit quality. I also spent time with our wider internal audit and assurance teams to understand at a more detailed level their planning processes and capabilities.

The Board maintains internal controls and risk management systems in relation to financial reporting, designed to ensure the accuracy, integrity and reliability of the Group's external reporting. These include a defined control environment with clear structures, delegated authorities and Group accounting policies; structured financial reporting processes; and procedures to identify and manage financial reporting risks, including those arising from significant accounting judgments. The Audit and Risk Committee oversees financial controls, key judgments, audit findings and financial reporting risks, supported by control activities such as reconciliations, segregation of duties and system-based controls, and by management review, internal audit and external audit. The Board reviewed the effectiveness of these systems during the year and up to the date of approval of this Annual Report and Accounts and concluded that they operated effectively. Details of the significant matters considered are set out on page 113.

Following a thorough assessment, we advised the Board that the 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. The External Auditor performs its statutory audit in accordance with applicable auditing standards, relevant laws and regulations, and PwC's audit report can be found on pages 157 to 162.

During the year, we reviewed and agreed management's recommendation that the Company's long-term Viability Statement should continue to cover a seven-year period. This remains appropriate given the nature of the water sector's regulatory framework and Ofwat's duty to ensure that companies can finance the proper carrying out of their functions (see pages 74 to 78). The Committee also dedicated substantial time to reviewing and challenging the Group's ERM processes and the effectiveness of internal controls in mitigating risk. More detail on our approach to managing risks and opportunities is available on pages 64 to 67. Strengthening and evidencing material controls in readiness for Provision 29 of the Code was a particular area of focus to enable the Board's declaration required next year.

We continued to oversee key areas of environmental and climate-related reporting supported by independent assurance and working alongside the Corporate Sustainability Committee. We also maintained oversight of major regulatory and technology programmes, including assurance over the implementation of Kraken, our customer platform migration.

The Committee oversees the Group's whistleblowing arrangements on behalf of the Board. The Board annually reviews their effectiveness and receives reports on significant matters to support oversight of culture, risk and stakeholders. The Board remains satisfied that these arrangements enable proportionate, independent investigations and appropriate follow up actions. The annual Board performance review confirmed that the Committee continues to operate effectively, and that members bring a strong mix of financial expertise and relevant sector experience. Further details of Committee members' backgrounds can be found on pages 98 to 99.

I would like to thank Committee members, management, Internal Audit, PwC and Jacobs for their ongoing commitment and constructive engagement throughout the year.

Sarah Legg
Chair of the Audit and Risk Committee

Committee Membership and Attendance

All members of the Committee are Independent Non-Executive Directors of the Board. The Committee Chair is a member of the Treasury Committee and Corporate Sustainability Committee providing good linkage across the related areas of reporting and risk management.

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 2025/26 is shown in the meeting attendance table on page 100.

Only members of the Committee can attend the meetings. Other regular attendees that attend by invitation of the Committee include, the Chair of the Board, Chief Executive, Chief Financial Officer, Group General Counsel and 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, PwC, and non-financial regulatory and technical External Assurer, Jacobs.

Key Areas of focus in 2025/26

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 and Compliance, Risk and Assurance Teams.

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.
- Consideration of findings of the assurance relating to regulatory submissions.

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 management's preparations for future compliance with Provision 29 of the Code, including updates on the approach to material controls, progress on the controls assurance programme, and early review of control assessments.
- Oversight of the control environment, maintenance and development of finance systems, particularly regarding the migration of customers to a new technology platform, Kraken.
- 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

- Oversaw the onboarding of PwC as incoming external auditors, which included providing structured briefings and access to key materials to ensure the audit team are fully briefed with organisational context, processes and reporting requirements.
- Management of the relationship for the statutory audit, including the key audit risks and level of materiality applied by PwC, audit reports from PwC on the financial statements and the areas of particular focus for the audit.
- Consideration and agreement of the statutory audit fee for the year ended 31 March 2026.
- Review and approval of the non-audit services provided by the External Auditor, and related fees.
- Oversight of External Auditor independence.

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.
- 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 and Accounts to provide a recommendation to the Board that, as a whole, it is 'fair, balanced and understandable'.
- In-depth review of specific disclosures which relate to areas under the remit of the Committee, including TCFD, TNFD 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 74 to 78, and the Going Concern Statement, on page 78, for inclusion in the Annual Report and Accounts.
- Considering the response to a letter received from the FRC seeking further information on the transactions that established Severn Trent Water's investment in Severn Trent Trimpley Limited, the purpose of these transactions and the judgments underlying the accounting treatment within the Severn Trent Water financial statements, noting that there was no impact on the Severn Trent Plc financial statements;
  - We answered the FRC's questions in full and on 23 May 2025 we received confirmation from the FRC that they had no further questions on these matters and had closed their enquiry. The FRC did not require any changes to the accounting treatment within the Severn Trent Water financial statements other than making updates to our critical accounting judgments. The FRC's summary of its review of this matter is available on its website[1].
  - The Committee has reviewed the responses given to the FRC and confirmed that they remain valid, noting that a formal plan to repay the inter-company loan that formed part of the structure, had been established, in line with the timetable set out in the response to the FRC.

1 The FRC's website also includes its Corporate Reporting Review Operating Procedures which set out the scope and limitations of its review. Its letters are written on the basis that the FRC (which includes its officers, employees and agents) accepts no liability for reliance on them by the company or any third party, including but not limited to investors and shareholders.

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.

Looking Ahead

In the year ahead, the Committee will continue to support the Board in overseeing the integrity of the Group's financial and regulatory reporting, risk management and internal controls.

The Committee will focus on reviewing interim and year-end reporting, overseeing external audit and assurance, monitoring principal and emerging risks, progressing readiness for Provision 29 of the Code, and maintaining oversight of cyber, data protection, whistleblowing and compliance matters.

The Committee confirms its compliance with the FRC's Audit Committees and the External Audit: Minimum Standard, including requirements on membership, independence and financial competence, including the review of External Audit effectiveness. Members maintain their sector relevant expertise through formal training, external briefings and regular updates on emerging accounting, audit and regulatory developments.

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.

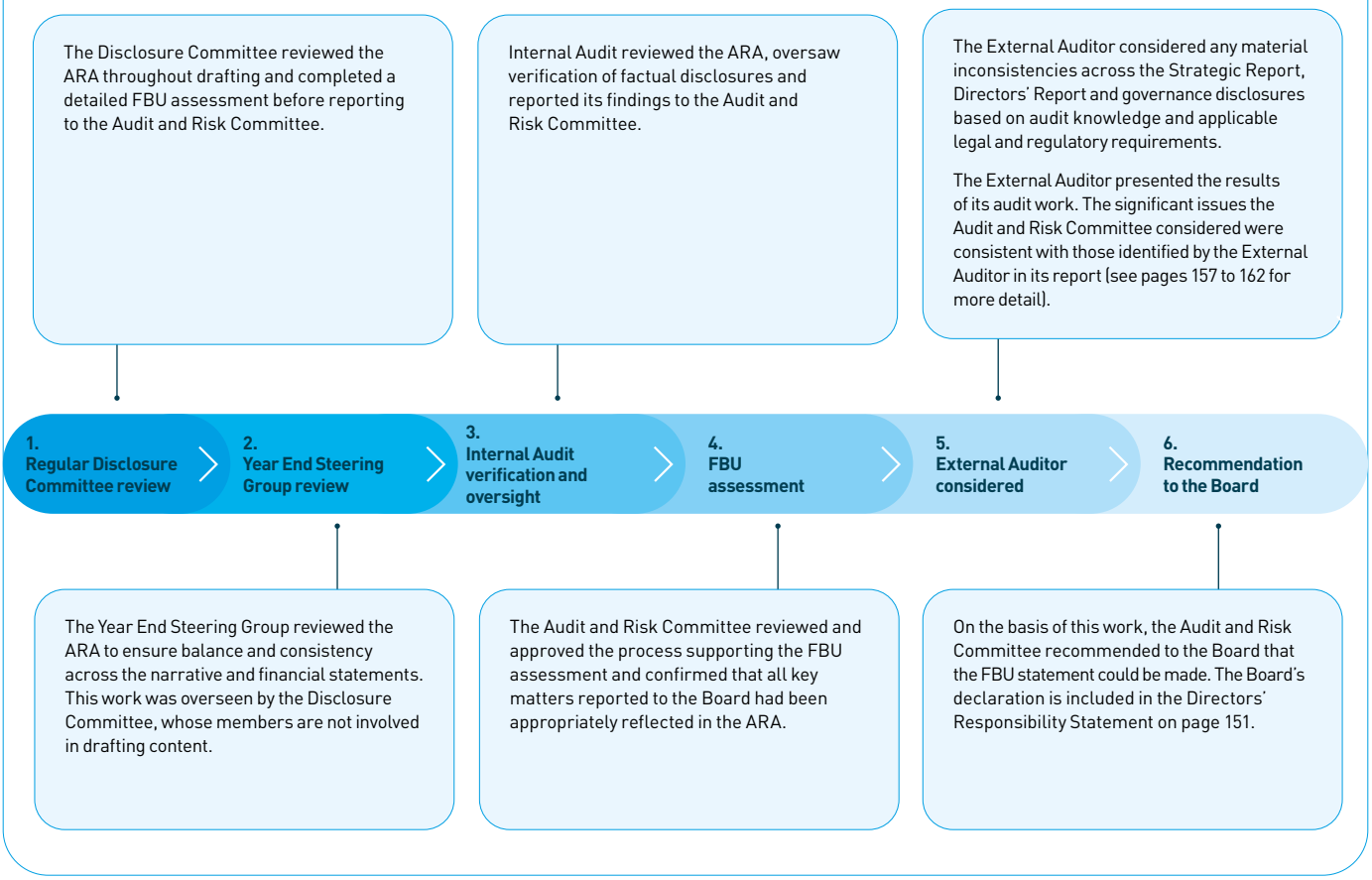
The Chair of the Committee regularly holds separate one-to-one meetings with the CFO, Head of Financial Control, Head of Group Internal Audit, Head of Group Compliance, Risk and Assurance, External Auditor and with Committee members outside of scheduled meetings to better understand any issues or areas 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.

Audit and Risk Committee Report continued

Fair, balanced and understandable reporting

The Board considers, based on the assurance received from the Audit and Risk Committee and the governance processes outlined below, that the 2025/26 Annual Report and Accounts ('ARA') is fair, balanced and understandable ('FBU') and provides shareholders with the information necessary to assess the Company's position, performance, business model and strategy.



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. Additional support is provided by co-source partners.

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, 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.

Effectiveness

An independent External Quality Assessment ('EQA') of the Internal Audit function was undertaken in December 2025, in accordance with the Institute of Internal Auditors' Global Internal Audit Standards, which requires an external assessment at least every five years.

The assessment found that Internal Audit is highly regarded across the business, with stakeholders consistently valuing its insight, constructive challenge and support on risk and control matters.

The Committee considered the findings of the EQA and welcomed the positive assessment of the function's maturity, independence and effectiveness. Actions arising from the review have been incorporated into Internal Audit's ongoing quality and improvement plan. Taking the EQA outcomes and its own oversight into account, the Committee is satisfied that Internal Audit remains an effective, independent and valued provider of assurance over the Group's risk management and internal control framework.

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 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 concluded that it has complied with its obligations under the 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 and has not identified any itself from its work.

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 and the Severn Trent Executive Committee, 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 Committee also received regular updates on emerging risks, including developments in cyber security, climate-related exposure and changes in the political and regulatory landscape.

The Head of Group Compliance, Risk and Assurance 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. During the 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 Statements for each Principal Risk and recommended this for consideration and approval by the Board. You can read more about this important work on pages 68 to 73.

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 64 to 73.

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.

We are committed to maintaining a culture in which colleagues feel safe to raise concerns. Our Speak Up Policy sets clear expectations of ethical behaviour and provides confidential channels for reporting, including our independent helpline, Safecall. Colleagues may also raise issues through management or HR, ensuring multiple accessible routes to speak up.

All concerns are investigated independently, with outcomes reported to the Committee and significant matters escalated directly to the Board. Themes and lessons learned are shared across the business to support continuous improvement.

Our arrangements are reviewed regularly by Internal Audit and independent external assurers and benchmarked annually against industry practice. The Board conducts a formal annual review of the effectiveness of the whistleblowing framework and remains satisfied that it enables proportionate, independent investigation and appropriate follow up, while supporting broader oversight of culture, risk and stakeholder engagement.

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

As set out in the 2024/25 Annual Report, a competitive tender process was undertaken in accordance with regulations requiring audit tenders at least every 10 years. The tender concluded with the Committee recommending to the Board that PwC be proposed as the Group's External Auditor at the 2025 AGM for the financial year ended 31 March 2026. PwC were subsequently appointed by shareholders at the 2025 AGM.

The Company has complied with the provisions of the Competition and Markets Authority's 2014 Order during the year under review regarding audit tendering and the provision of non-audit services. 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.

Effectiveness and competence

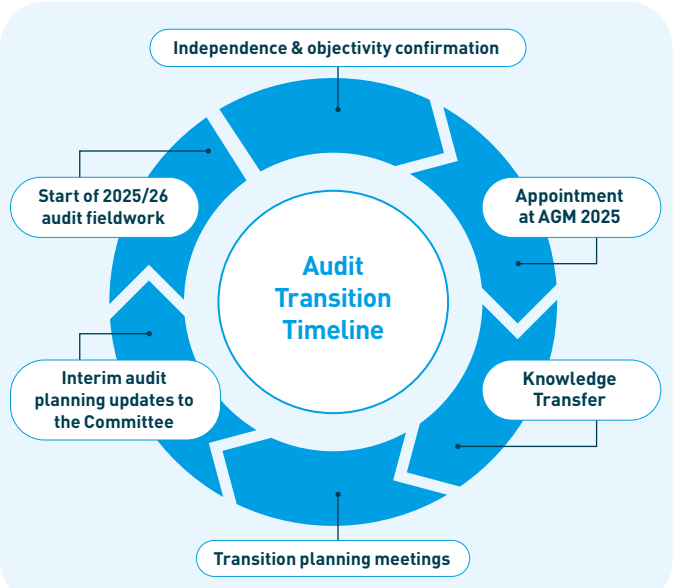
Oversight of PwC's transition and first-year audit

During the year, the Committee took an active role in overseeing the transition from Deloitte to PwC to ensure an orderly and well controlled handover.

The Committee reviewed PwC's transition plan, including their proposed audit approach, key areas of focus, resource allocation and team structure. The Committee also received PwC's formal independence and objectivity confirmations and assessed the robustness of their onboarding processes, including familiarisation sessions with management and review of prior year audit files.

Throughout the transition period, the Committee received regular updates from PwC to monitor progress, provide early visibility of any issues and ensure transparency in their audit planning. The Committee received additional updates to ensure appropriate knowledge transfer between Deloitte and PwC to support a smooth commencement of the 2025/26 audit.

The Committee continued to monitor PwC's performance over the course of the first year's audit and the full effectiveness review of PwC will be finalised upon completion of their first year's audit.



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 remain appropriate.

The Committee recognises that independence is also a key focus for the External Auditor, and PwC 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.

PwC 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 2025/26 audit.

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.

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. 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.

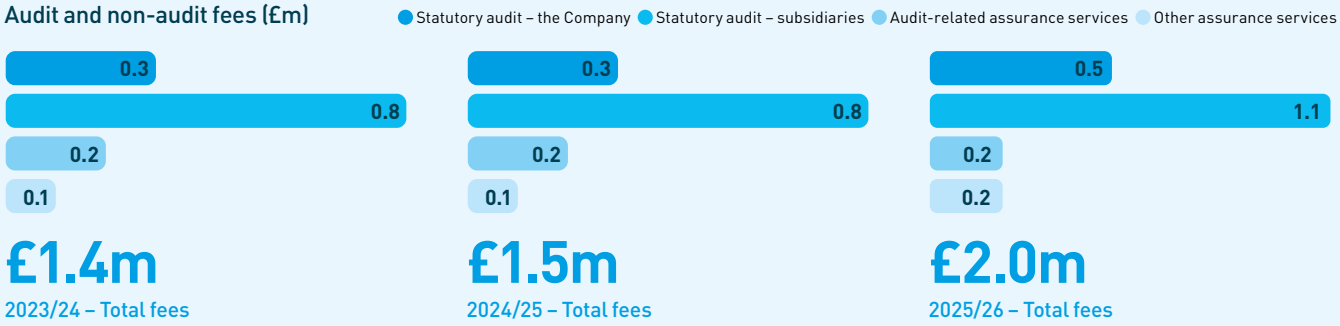
Non-audit services for which the External Auditor may be used include audit-related services required by statute or regulation and other audit or assurance services as set out in the Ethical Standard.

Details of the audit and non-audit fees and the significant work undertaken during the year are set out in the table on the following page, and in note 7 to the financial statements. The more significant non-audit services provided by PwC were the audits of financial information contained within Sections 1 and 2 of Regulatory Accounts included within the Severn Trent Water and Hafren Dyfrdwy Annual Performance Reports and the independent review of the Company's half-yearly financial report.

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 PwC was best placed to perform these services. Where PwC 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.

Ahead of commencing its shadowing of the 2024/25 audit, PwC had confirmed to the Committee that all non-audit services that had been provided by PwC previously had been transitioned to other suppliers.

Audit and non-audit fees (£m)



Nature of service	Reason for PwC'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.	150
Assurance of regulatory returns	Audit of Sections 1 and 2 of the Regulatory Accounts included in 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.	230
Sub-total		380
Other assurance services		
Reporting under Group financing documents	These documents require reports and it is normal practice for the External Auditor to provide these.	8
Other assurance	This comprises assurance services performed as part of the year end reporting process and subscription to PwC accounting literature.	10
Sub-total		18
Total 2025/26 non-audit fees		**398**

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 judgements 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	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. 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. Our Business Model can be found on pages 6 to 7. Principal Risks and uncertainties can be found on pages 68 to 73. The Viability Statement can be found on pages 74 to 78 and the Going Concern Statement on page 78.
Determination of the provision for impairment of trade receivables in Severn Trent Water Limited	At 31 March 2026, the provision in the Group's financial statements was £151 million and the charge for the year was £46 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. The Committee challenged management's change in its approach to the assessment of the impact of changes in the link between macroeconomic conditions and the Group's bad debt experience, noting the consistency in collection performance over a long period that included: the impacts of various significant events including the economic impacts of the Brexit referendum and its implementation; the Covid-19 pandemic; the Russian invasion of Ukraine; and cost of living pressures. The Committee considered the work performed by the External Auditor and the conclusions they reached regarding the adequacy of the provision. The Committee determined that no adjustment to the amounts recorded was required.
The proposed classification of costs between operating expenditure and capital expenditure in Severn Trent Water Limited	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. 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. The Committee considered the results of the External Auditor's work and discussed the conclusions with the External Auditor. The Committee determined that no adjustment to the amounts recorded was required.
Determination of the amount of the Group's retirement benefit obligations	At 31 March 2026, net retirement benefit obligations amounting to £21 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. It is also necessary to determine an appropriate discount rate to calculate the present value of the estimated gross obligations. 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. 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 that the assumptions and methodologies were reasonable, and that no adjustment was required to the draft financial statements.

Treasury Committee Report



Richard Taylor
Chair of the Treasury Committee

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 pleased to present the report of the Treasury Committee for the year ended 31 March 2026.

This has been a year of significant activity as the Group entered its current five-year investment programme (AMP8). Our total expenditure for AMP8 is £14.9 billion which represents a significant increase from AMP7. As at 31 March 2026, the Group maintained £0.8 billion of cash and £1.6 billion of committed bank facilities. The Group's funding plan during AMP8 anticipates further increases in the Group's debt and hedging levels.

The backdrop for the Group's funding plan is one of increased market volatility, evolving regulatory expectations and continued scrutiny of the water sector. In the light of this and the increased scale and pace of funding for AMP8, the Committee has been particularly focused on the Group's funding strategy, approach to risk management and on its delivery plan.

During the year the Committee reviewed the Treasury function's policy framework and the Committee's Terms of Reference. This resulted in limited amendments to ensure they are aligned fully with the Group's funding objectives. In addition, the Committee reviewed the effectiveness of the Treasury function's internal controls.

The Committee receives regular updates from the Treasury Team on the Group's debt portfolio, and this includes details of recent debt issuance and associated hedging.

The Committee noted the very proactive approach of the Executive Team with debt investors and credit rating agencies. This has enabled the Group to deliver its largest ever annual fund raising, accessing a variety of markets and investors, and this sets up the Group well for its funding programme for the rest of AMP8 and beyond.

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 98 to 99.

I am extremely grateful to the Executive Team, our advisers and my fellow Committee members for their excellent contribution during a year of significant activity.

Richard Taylor
Chair of the Treasury Committee

Committee Membership and Attendance

All members of the Committee are Independent Non-Executive Directors of the Board. Membership of the Committee during 2025/26 is shown in the meeting attendance table on page 100. Only members of the Committee have the right to attend Committee meetings. Other regular attendees who attend meetings at the invitation of the Committee include the Chair of the Board, the Chief Executive Officer, the Chief Financial Officer, the Group Treasurer, the Group Financial Controller, the Group General Counsel and Company Secretary 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.

Role of the Treasury Committee

During the year, the Committee supported the Board by overseeing the Group's treasury strategy, funding position and financial risk management as the business entered its largest ever investment programme under AMP8. In a volatile market and evolving regulatory environment, the Committee focused on maintaining strong liquidity, resilience and access to diversified funding, while reviewing the effectiveness of treasury policies, internal controls and governance. Working closely with the CFO, the Treasury Team and external advisers, the Committee provided challenge and oversight on key developments and is satisfied that the Group's treasury arrangements are robust and well positioned to support delivery of the Group's strategy. Further detail on the work of the Committee in the year is provided overleaf.

Key Areas of focus in 2025/26

Funding and Capital Markets Activity

The Committee oversaw a significant programme of funding activity to support delivery of AMP8. Over the year, the Group issued over £1.8 billion of new debt (including an undrawn £100 million term loan), across multiple markets (including Euro, Swiss Franc, Norwegian Krone and Japanese Yen) building on the strong issuance momentum achieved in 2024/25.

The Committee also reviewed a number of bank financing actions, including approval of additional bilateral bank facilities totalling £417 million, supporting diversification of lender relationships and strengthening the banking group ahead of the planned refinancing of the Group's revolving credit facilities. In January 2026, the Committee approved entry into a new £100 million bilateral term loan with an existing relationship bank.

Investor engagement continued across UK, European and international markets, ensuring the Group remained well positioned to access funding as required. The Committee reviewed the funding and treasury risk management plan for the 2026/27 financial year, recommending it to the Board. The Committee remained supportive of the Group's strategy of maintaining flexible and diversified access to global debt markets.

Liquidity and Financial Resilience

The Committee received regular updates on the Group's liquidity position and continued to monitor compliance with its liquidity policy. As at 31 March 2026, the Group maintained £0.8 billion of cash and £1.6 billion of committed bank facilities, providing liquidity headroom in excess of the minimum 15-month requirement.

The Committee reviewed the funding plan for AMP8. The Committee noted the expected funding requirement of between £1.5 billion and £2 billion in 2026/27, reflecting refinancing of maturing debt and ongoing capital investment. The Committee also received updates on the planned refinancing of the Group's revolving credit facilities, noting preparatory work to engage lenders and optimise the refinancing timetable.

Treasury Risk Management

The Committee continued to oversee the Group's management of interest rate, inflation, energy price risk and foreign exchange risks, noting that the Group maintained a balanced portfolio across fixed, floating and index linked debt. The Committee also reviewed the Group's increased use of derivatives linked to AMP8 issuance activity, including cross currency and interest rate swaps.

During the year, the Committee approved a number of updates to the Treasury Policy Statement, ensuring that the policy remains aligned to the increased scale and pace of AMP8 treasury activity.

Sustainable Finance

The Committee oversaw continued application of the Group's existing Sustainable Finance Framework, and publication of a new Framework incorporating stronger alignment with International Capital Market Association ('ICMA') Green Bond Principles, improved EU Taxonomy mapping, the inclusion of Blue and Nature Bonds, and enhanced impact reporting in line with ICMA guidelines. The Committee oversaw the continued application of the Group's Sustainable Finance Framework, which remains an important component of the Group's funding strategy. It also reviewed updates to the Sustainable Finance Policy noting the framework is applied appropriately while maintaining flexibility and cost effectiveness.

Internal Controls and Treasury Governance

The Committee reviewed the effectiveness of internal controls across all treasury activities and received assurance that the control environment remained robust. Enhancements during the year included updates to the Treasury Business Continuity Plan and improvements to counterparty risk methodologies.

Pension Matters

The Committee received regular updates on the Group's defined benefit pension schemes, covering funding, investment strategy and the IAS19 position. In January 2026, the Committee noted the Trustee's updated Statement of Investment Principles, noting the introduction of supporting policies covering hedging, asset allocation, rebalancing and derisking triggers.

Advisor Review

The Committee carried out its annual review of treasury advisers and concluded that the quality and strategic insight provided remained strong. The Committee also confirmed continued engagement with its advisers to support the Group's funding strategy and market activity.

Looking Ahead

In the year ahead, the Committee will continue to support the Group's strategy to ensure it remains appropriately funded to support the delivery of AMP8. Key areas of attention will include:

- overseeing further capital markets activity across a range of currencies and markets;
- monitoring liquidity headroom and ensuring continued compliance with the Group's liquidity policy;
- considering the impact of RPI reform on the Group's existing index-linked debt;
- supporting the refinancing of the Group's core bank facilities;
- continuing to review treasury risks and controls as the volume of funding and derivatives activity increases further in AMP8;
- monitoring macroeconomic and political conditions and assessing their potential impact on the Group's funding strategy and delivery plan; and
- ensuring the treasury framework continues to evolve in line with best practice and the Group's long-term strategic priorities.

Corporate Sustainability Committee Report



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 pleased to present the Corporate Sustainability Report for the year ended 31 March 2026.

Our focus throughout this year has been on ensuring that sustainability continues to drive long-term resilience and value across the business, reflecting the rising expectations of regulators, investors and the communities we serve.

In particular, the Committee prioritised strengthening climate resilience, advancing nature recovery and ensuring affordability considerations remain central to long-term decision making. In this context, the Committee placed increased emphasis on resilience and adaptability, focusing on how effectively climate, regulatory and affordability risks are anticipated and embedded into forward planning and long-term decision making. In a year shaped by significant policy and regulatory change, including the Government's "New Vision for Water" and Ofwat's Climate Change Principles, the Committee used these developments to actively shape its oversight of climate resilience, nature recovery and wider customer outcomes, maintaining a clear focus on long-term stability and strategic alignment.

Social value remained a core focus, with continued progress in programmes supporting communities across our region.

We further supported improvements to the Group's sustainability reporting, endorsing clearer, more concise disclosures, stronger alignment across TCFD, TNFD and EU Taxonomy, and preparation for the introduction of UK Sustainability Reporting Standards in 2026/27.

The Committee also maintained a strong focus on the quality and robustness of sustainability data and disclosures, recognising the increasing importance of reliable, decision-useful information for our stakeholders.

This year's internally facilitated Board Performance Review included an evaluation of our Committee's effectiveness. The review confirmed that the Committee continued to operate effectively, with strong Board confidence in the quality of its oversight. As expectations continue to evolve, the Committee remains committed to ensuring our sustainability strategy stays focused, ambitious and aligned to long-term value creation.

I would like to thank my fellow Committee members and colleagues for their insight, challenge and commitment throughout the year.

Tom Delay
Chair of the Corporate Sustainability Committee

Committee Membership and Attendance

All members of the Committee are Independent Non-Executive Directors, except for Christine Hodgson, who was independent on appointment.

Membership of the Committee during 2025/26 is shown in the meeting attendance table on page 100. Other regular attendees that attend by invitation include, the Chief Executive, Group General Counsel and Company Secretary, Head of Strategy and Group Transformation, Group Environment Policy Lead, other members of senior management and external guest speakers.

As part of its annual cycle, the Committee reviewed its Terms of Reference and confirmed that they remain appropriate, accurately reflecting the way the Committee discharges its duties.

Role of the Corporate Sustainability Committee

The Corporate Sustainability Committee supports the Board in overseeing the Group's approach to sustainability and wider corporate responsibility. It reviews the development and delivery of the Group's sustainability strategy, monitors performance against key environmental, social and governance priorities, and considers emerging risks and opportunities, including those related to climate change. The Committee also oversees relevant policies and significant sustainability-related disclosures, and reports regularly to the Board on matters within its remit.

Key Areas of focus in 2025/26

Environmental Sustainability and Resilience

The Committee reviewed major sector developments to ensure our oversight remained aligned with the evolving regulatory landscape. This included scrutiny of how resilience considerations were embedded into planning and decision-making, and how emerging regulation and scenario analysis informed long-term priorities. The Committee emphasised the importance of adaptive governance to ensure plans remained resilient as external conditions evolved. We oversaw the continued strengthening of the Group's climate adaptation approach, supporting a more integrated and forward-looking assessment of long-term risks and resilience across the business.

We reviewed AMP8 biodiversity plans, including a strengthened habitat baseline, and supported enhanced in-house ecological capability and improved engagement with landowners to deliver river health and biodiversity outcomes.

Progress towards net zero was monitored through the Capital Carbon ODI, with a focus on embedding stronger design standards and governance into AMP8 to reduce capital carbon. Broader oversight included environmental performance, sustainable abstraction and water resource management, circular economy principles, and emerging environmental risks and priorities.

ESG Reporting and Controls

The Committee oversaw continued enhancements to sustainability reporting and controls, improving the clarity, consistency and decision-usefulness of disclosures and supporting alignment with TCFD, TNFD and the EU Taxonomy, as well as readiness for UK Sustainability Reporting Standards from 2026/27.

We noted continued strong Carbon Disclosure Project ('CDP') performance, achieving an 'A' rating for climate and water, and oversaw improvements to sustainability data governance and controls to support external assurance and alignment with Provision 29 of the Code.

Further details are available on our website.

Scan the QR code to visit the **ESG Databook**

Human Rights and Modern Slavery

The Committee maintained oversight of human rights and modern slavery risks across the business, including supply chain considerations.

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

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

Social Impact and Affordability

The Committee oversaw progress on the Social Impact Strategy, including initiatives addressing affordability, poverty and youth unemployment and, reviewed evidence of improved outcomes in work-readiness, employee retention and progression.

Discussions on customer vulnerability, regional inequalities and the need for targeted support deepened the Committee's understanding of affordability pressures across the region.

Insights from these discussions, together with the review of Social Impact Strategy performance and outcomes, has informed oversight and challenge of the forward planning of support programmes, with a focus on ensuring they remain targeted and effective.

ESG-related Reward and Remuneration

In line with its remit, the Committee recognises the importance of ensuring that executive remuneration and incentives appropriately reflect the Group's environmental, social and customer priorities over the long term. Where relevant, the Committee provided sustainability related insight to the Remuneration Committee to support alignment with the Group's long-term sustainability objectives.

Further detail on the Group's remuneration framework and performance measures is set out in the Directors' Remuneration Report and Remuneration Policy (pages 118 to 152).

Looking Ahead

In the year ahead, the Committee will continue to focus on adaptive oversight, ensuring that resilience considerations remain embedded as AMP8 delivery progresses and external expectations continue to evolve.

Key focus areas will include:

- providing robust oversight of delivery against AMP8 environmental priorities, with particular emphasis on operational execution, regulatory performance and long-term value creation;
- maintaining oversight of resilience and adaptability in forward planning, including how climate adaptation, water scarcity, nature recovery and affordability considerations are reflected in investment decisions and managed as delivery progresses;
- continuing to focus on climate-related risks and opportunities, nature-positive outcomes and customer impacts, recognising the need for plans and governance arrangements to remain responsive to evolving external conditions;
- monitoring progress across key AMP8 programmes over time, including climate adaptation, biodiversity and net zero, to ensure learning informs future planning and prioritisation;
- maintaining oversight of the evolving external sustainability and regulatory landscape, supporting timely and effective challenge as expectations continue to change; and
- ensuring governance arrangements, controls and assurance processes remain fit for purpose, as regulatory, reporting and delivery requirements evolve.

Directors' Remuneration Report



Sharmila Nebhrajani OBE
Chair of the Remuneration Committee

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Dear Shareholder

On behalf of the Remuneration Committee of Severn Trent (the 'Committee'), I am pleased to present our Remuneration Report for 2025/26. This report explains the remuneration outcomes for our Executive Directors and wider workforce for the financial year ended 31 March 2026.

A key focus for the Committee this year has been the review of our Directors' Remuneration Policy, including how we ensure strong alignment to the performance delivered for our stakeholders. I would like to thank our shareholders for their continued support for our approach to executive remuneration.

Introduction

This year marks the beginning of a new five-year regulatory period, AMP8, which is intentionally ambitious and includes our largest ever investment programme to enhance outcomes for customers and the environment. The first year of AMP8 has been another period of sector-leading performance for Severn Trent, delivered against a backdrop of heightened public scrutiny and regulatory change.

The Committee's focus throughout the year has been to ensure that the Committee's decisions fairly reflect this performance, remain aligned with the interests of our stakeholders, and support the long-term success of the Company. However, as explained in more detail below, due to the application of Ofwat's new regulatory framework on performance-related pay ('PRP'), the final outcomes we are able to deliver to Executive Directors this year will not adequately reflect our sector-leading performance.

This year, we will be seeking shareholder approval for a new Remuneration Policy, which is set out on pages 146-152 and explained in more detail later in this letter and on pages 122-127.

Performance for the year under review

2025/26 represented a significant step up in ambition as Severn Trent entered AMP8, with increased investment and stretching commitments for customers, communities and the environment. Against this backdrop, the Company delivered another very strong year of performance, continuing to demonstrate its position as a leading performer in the sector.

Environmental performance remained a key area of focus. We are highly confident of achieving the maximum Environmental Performance Assessment ('EPA') rating of 4* for a seventh consecutive year, a level of consistency unmatched in the sector. Performance on Combined Sewer Overflow ('CSO') spill reduction continued to improve materially, alongside further reductions in pollution incidents, while leakage was maintained at its lowest ever level. These outcomes reflect sustained investment and a continued focus on long-term environmental improvement.

Improving outcomes for customers also remained a priority. Progress was made in modernising customer systems and operating models, which will underpin service improvements over AMP8. However, while performance improved across a number of customer and asset health measures, including internal and external sewer flooding, the Committee is disappointed that the Company has still not managed to improve the customer experience. The Board expects to see faster improvement in this area in 2026/27. The Committee therefore welcomes the introduction of a new measure into the bonus to drive greater efficiency and improved outcomes. More detail on this measure is provided later in this report.

The business has continued to place significant emphasis on financial resilience. During the year, Severn Trent again outperformed regulatory expectations, maintaining a strong balance sheet, disciplined financing arrangements and an investment-grade credit rating. This financial strength is critical to supporting the scale of investment required through AMP8 whilst protecting the interests of customers and investors.

Finally, Severn Trent continued to demonstrate a strong commitment to its social purpose. Through its Social Impact Strategy and Community Fund, the Company supported a wide range of initiatives aimed at improving access to employment and supporting vulnerable communities across the region.

2025/26 bonus outcomes

A consistent bonus design operates throughout the organisation, the full detail of which is set out on page 128.

Consistent with the broader performance of the business, our performance against the stretching targets set for the specific metrics within the annual bonus has been particularly strong in 2025/26. Details of outcomes on the individual metrics are as follows:

- **Profit Before Interest and Tax ('PBIT'):** Despite very challenging operating conditions, including the driest summer since records began and one of the wettest ever winters, Severn Trent's relentless focus on efficiency and cost management helped deliver 46% PBIT growth year on year, to £861 million. As a result, this metric paid out at full stretch.
- **Outcome Delivery Incentives ('ODIs'):** Despite the reduced ODI opportunity and more challenging targets that came with the start of the new AMP, Severn Trent delivered outstanding performance. 78% of our ODI measures met or exceeded the stretching regulatory commitments, helping deliver a net ODI reward of £56 million in 2025/26. This excellent performance for customers and the environment means this metric paid out at stretch.
- **EPA 4*:** Severn Trent is highly confident of achieving an EPA 4* rating for an unprecedented seventh year in a row, resulting in maximum payout for the wider business.
- **CSO solutions:** Despite an increase in the complexity of the solutions needing to be implemented, 2025/26 saw the delivery of a further 1,100 CSO solutions in the year, 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.
- **CSO spill reduction:** Exceptionally strong performance on this metric delivered an outturn of 15 average spills. This was well ahead of the regulatory target set by Ofwat (18.8), which was also used as the required target for this binary metric. As a result, this element of the bonus paid out in full.
- **Health & Safety:** Continued strong safety performance (Lost Time Incident ('LTI') rate of 0.11) resulted in payout midway between target and stretch.

The combined outcome of this performance would have resulted in a payout of 98% of the maximum. However, in line with our philosophy of ensuring stretching targets for PRP, the EPA 4* element, representing 10% of the bonus, included a binary underpin for Executive Directors, whereby if the EPA serious pollutions metric was not 'green', the amount payable on this element of the bonus would be zero.

Unfortunately, two serious pollution incidents were attributed to Severn Trent in 2025[1]. The Company did not agree that the incidents met the threshold for Category 1 classification and formally appealed the assessments, however, those appeals were unsuccessful. Consequently, the EPA serious pollutions underpin was triggered, which resulted in a reduction to formulaic outcomes for those Executive Directors in role at the time of the incidents. The new Chief Executive Officer, who was not an Executive Director at the time, was not impacted by this underpin.

As a result, the formulaic outturn of the bonus was 98% of the maximum opportunity for the CEO and 88% of maximum opportunity for the CFO and former CEO, Liv Garfield. However, as described below, despite the strength of performance reflected in this outcome, no bonus will be paid to the CFO and former CEO. For the CEO, half of the bonus will be deferred into shares for three years, in line with the Policy applicable to 2025/26.

Ofwat's PRP Prohibition Rule

Ofwat's PRP Prohibition Rule (the 'Rule') was finalised in June 2025, coming into effect for PRP relating to years beginning on or after 1 April 2024. Under this framework, the payment of PRP is prohibited in respect of a year when one of four standards (Consumer Matters, Environment, Financial Resilience and Criminal Liability) has not been met.

However, the Rule operates on a binary basis, such that a single breach of a single standard results in full prohibition, regardless of overall performance or materiality. Through the year, the Committee has repeatedly voiced its concerns to Government and our regulators regarding aspects of the Rule's practical operation, believing that its lack of proportionality risks unintended consequences, including failing to differentiate pay outcomes between strong and poor performers in the water sector, and undermining the ability of the sector to attract and retain the leadership capability required to deliver sustained improvement for customers and the environment.

We are therefore particularly frustrated that, despite Severn Trent's impressive sector-leading performance across a broad range of metrics in 2025/26, the conclusions reached by the Committee on the appropriate bonus payout have been overruled by Ofwat's Prohibition Rule, and have prevented us paying any bonus this year to those Executive Directors who were in place at the relevant time (Liv Garfield and Helen Miles). This is due to Severn Trent triggering the environmental standard of the rule, as a result of the two Category 1 pollution incidents referred to earlier.

While the Committee recognises the seriousness of any Category 1 incident, this outcome illustrates our misgivings regarding the lack of proportionality in the current framework and the failure to take broader operational performance into account. Given our acute concerns regarding the longer-term impact on recruitment and retention, the Committee will continue to engage with Ofwat on this matter, with the ambition to have a fair and proportionate regime that better addresses persistent performance failures, rather than penalise organisations demonstrably delivering sector-leading performance in the round. For further information on annual remuneration outcomes and the impact of the PRP Prohibition, please see page 128.

The four standards in Ofwat's PRP Prohibition Rule

1. Consumer matters
- Breached a principal statutory duty where Ofwat decides that the breach does warrant a financial penalty or states that it would have imposed such a penalty but for undertakings provided; OR,
- Failed to comply with any enforcement order linked to such a breach.

2. Environment
- Given a 1-star EPA rating for the last calendar year; OR,
- Incurred a Category 1 pollution for the last calendar year.

3. Financial resilience
- Breached its licence requirement in the PRP year to hold a sufficient credit rating; OR,
- Failed to subsequently comply with an enforcement order or undertaking linked to the licence breach.

4. Criminal liability
- Received a sentence in the PRP year, following a conviction for a criminal offence, unless the court has made low culpability or low harm findings against the Company.

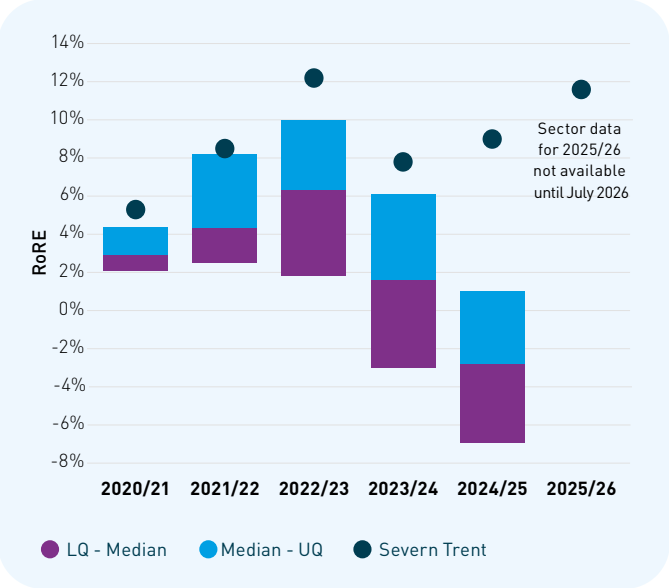
1 We are currently undergoing an appeal process in relation to a third serious pollution.

Directors' Remuneration Report continued

2023 Long-Term Incentive Plan ('LTIP') vesting

Vesting under the 2023 LTIP reflected the Company's strong performance over the three-year period. Performance against the Return on Regulated Equity ('RoRE') measure significantly exceeded Ofwat's allowance, resulting in full vesting of this element. On the sustainability component of the award, aligned to the Company's environmental commitments, two out of the four binary metrics paid out, with scope 3 supply chain engagement and the rollout of our Net Zero Hub both exceeding the targets. However, both scope 1 and 2 emissions reduction, and self-generation of renewable energy, fell marginally short and did not pay out. Overall, this resulted in 10% of the sustainability component vesting, out of a maximum of 20%, demonstrating the level of stretch in the targets set by the Committee.

Severn Trent RoRE performance versus the sector across AMP7



The remaining element of the 2023 LTIP award, which assesses upper-quartile performance relative to sector peers, will be confirmed in July 2026 and reported in next year's report.

2022 Upper Quartile ('UQ') LTIP vesting

Vesting under the upper-quartile element of the 2022 LTIP was confirmed during the year, marking the fifth consecutive year in which this element has vested in full and demonstrating Severn Trent's sustained outperformance relative to the wider sector.

LTIP outcomes and the impact of Ofwat's PRP Prohibition Rule

It is noted that both the 2022 and 2023 LTIP awards are outside of the scope of Ofwat's Prohibition Rule, as they were granted before the applicable period in the Rule. However, the LTIP awards granted since 2024 will be subject to a reduction, on a pro-rata basis, if the Rule applies for a particular year. As a result of triggering the rule in 2025/26, we will be required to reduce the value of the 2024 and 2025 LTIP awards by at least one sixth each when they vest, in July 2027 and July 2028 respectively. The impact of these adjustments will be reflected in future remuneration reports. This further exacerbates our concerns around recruitment and retention.

Assessment of Performance in the Round

In assessing remuneration outcomes, the Committee considered performance in the round, taking into account outcomes for customers, the environment, shareholders and employees. Having done so, the Committee concluded that the formulaic outcomes appropriately reflected overall performance and no discretion was required. The Committee's full assessment of Performance in the Round is set out in detail on page 129.

As noted above however, the Committee's assessment of outcomes on the annual bonus was overridden in 2025/26 by Ofwat's PRP Prohibition Rule. While we must clearly abide by the law and comply with the outcome, the Committee reiterates its belief that this outcome is neither proportionate nor reflective of the Company's broader performance for shareholders, customers and the environment.

AMP8 Remuneration Policy review

As signalled in last year's report, the Committee undertook a review of the Directors' Remuneration Policy during the year, earlier than the usual triennial cycle. This reflected the increased scale and complexity of AMP8, alongside the importance of ensuring that the Policy remains capable of attracting, retaining and motivating a high-calibre leadership team in a challenging and evolving regulatory environment.

AMP8 represents the most ambitious investment programme in Severn Trent's history, with a £14.9 billion plan to deliver stretching commitments for customers, communities and the environment. Against this backdrop, and informed by updated benchmarking, the Committee concluded that a rebalancing of the overall remuneration package towards long-term incentives was appropriate, better aligning executive reward with the long-term interests of stakeholders.

During the year, the Committee engaged extensively with shareholders, proxy advisers and the regulator on its proposals. Feedback received has been thoughtful and constructive, and has played an important role in shaping the final Policy put forward in this report.

The principal changes proposed to the Policy are set out clearly in the Remuneration Policy Review section of this report on pages 122 to 127, with the full detail of the proposed 2026 Policy set out on pages 146 to 152. In summary, the four key changes are:

- A reduction in the annual bonus maximum, from 120% to 100% of salary for the CEO and CFO;
- A greater emphasis on long-term incentives, through an increase to LTIP award levels (to 400% of salary for the CEO and 350% for the CFO, from 200% and 175% respectively);
- An increase to minimum shareholding requirements, to 400% of salary for the CEO and 350% for the CFO (from 300% and 200% respectively); and
- The removal of mandatory bonus deferral once the relevant shareholding requirements are met.

CEO succession

The year also marked an important transition in leadership. Following the departure of Liv Garfield after more than ten highly successful years as CEO, the Board appointed James Jesic to the role, following a rigorous internal and external recruitment process. The Committee is pleased that the Company's focus on succession planning enabled a smooth transition, with remuneration arrangements applied in line with the existing Policy and best practice. James Jesic's starting salary of £775,000 is 11% below our former CEO, positioning his salary below the lower quartile compared to benchmark. Liv has been treated as a 'good leaver' for the purposes of outstanding share awards, following the application of discretion by the Committee. Full details are set out on page 135.

Remuneration for the year ahead

In line with the revised Policy, the Committee has considered remuneration arrangements for the year ahead, including base salaries, incentives and fees. Executive Director salary decisions have taken into account individual experience, role scope and market positioning, while remaining mindful of the importance of alignment with the wider workforce. Further detail is set out in the relevant sections of this report.

Base salaries and fees

As part of the AMP8 Policy review, the Committee noted that Helen's salary was positioned around the lower quartile of our benchmarking peer group. Helen has been in role for over three years (appointed 1 April 2023) and has performed exceptionally during that period. The scope of Helen's role has been expanded to include responsibility for additional non-regulated businesses within the Group, for which the Board has significant growth ambition. Helen's leadership will play a key part in driving this growth. Taking the above factors into account, the Committee decided to increase her salary to £615,000, effective from 1 January 2026.

The next annual review of Executive Director salaries will be in 2027.

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 one of the reference points in the decision, 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.

2026/27 bonus

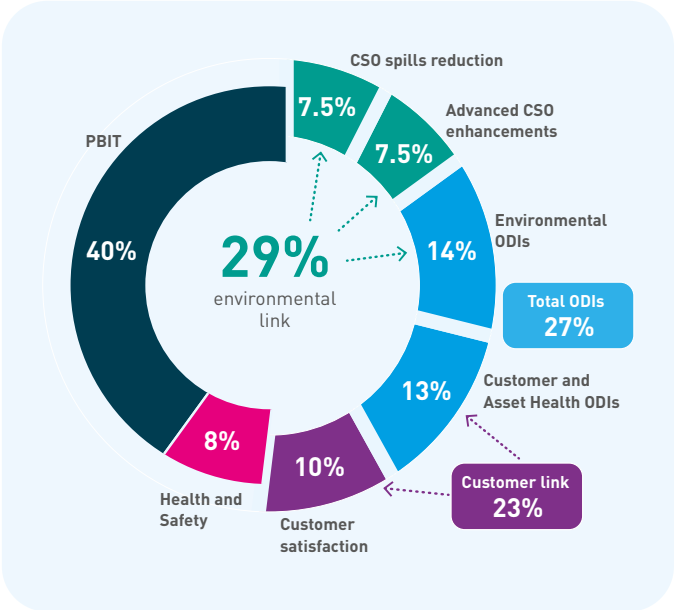
While we are down-weighting the bonus as part of rebalancing the overall package towards the longer term, it remains an important incentive mechanism to drive performance on an annual basis in critical areas for customers and the environment, including ODI and CSO performance. With the bonus metrics being cascaded down through the whole organisation, this also ensures alignment with the wider workforce on key performance measures.

Having evaluated the structure of the bonus ahead of the new financial year, the Committee concluded that a minor rebalancing of metrics was required for 2026/27. Customer satisfaction levels across the water sector remain firmly in the spotlight, with the sector as a whole experiencing a recent decline. Severn Trent's lack of progress in this area also remains a frustration, so now therefore seems like an opportune moment to introduce a customer satisfaction metric to the bonus structure, which we have done in the form of repeat contacts, with a weighting of 10%. Repeat contacts occur where a customer has to get in touch with us more than once to resolve the same issue. This is a clear and measurable way of identifying poor customer service, and reflects how effective we are at providing first-contact resolution, which we believe is critical to driving improvements in customer satisfaction.

To make way for this new metric, we have decided to remove the EPA element from the bonus structure. Historically, the EPA provided a holistic assessment that well-managed companies could work towards, and felt they were able to influence outcomes through a focus on performance improvement. However, recent changes proposed by the Environment Agency ('EA') have created much greater uncertainty, meaning the outcome on this element of the bonus could be heavily influenced by factors outside of management's control, reducing its effectiveness within the bonus structure.

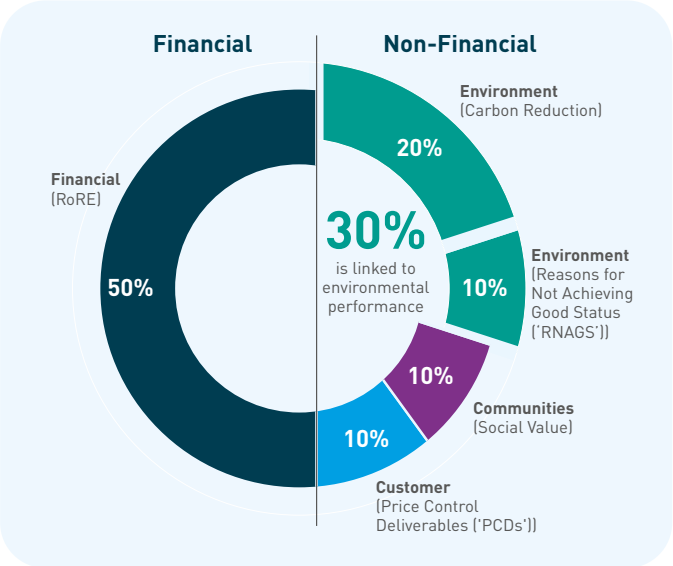
Whilst the removal of the EPA metric reduces the environmental weighting in the bonus, we note that it remains significant, at 29%, and this allows us to increase the focus on customers, with 23% of the bonus now linked to customer metrics.

All other elements of the bonus structure remain the same as in 2025/26, so the resulting structure for the 2026/27 annual bonus is as follows:



2026 LTIP award

Our LTIP structure was designed to deliver balanced outcomes for all our stakeholders, which has been achieved through an equal split between financial and non-financial measures. 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 existing structure and determined that it remains fit for purpose. The performance measures and weightings for the 2026 LTIP award are set out in the chart below:



It is the Committee's view that the specific targets which have been set for each metric represent a genuinely stretching level of outperformance and directly align with the Company's strategy and Business Plan. Further detail on the targets can be found on page 126.

The Committee will assess the value of the 2026/27 annual bonus and the 2026 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.

Closing remarks

Looking ahead to AMP8, the Committee remains focused on ensuring that Severn Trent's remuneration framework is capable of supporting delivery of one of the most ambitious investment programmes the sector has ever undertaken. The proposed Remuneration Policy has been designed to strengthen long-term alignment with shareholders, customers and the environment, while remaining fit for purpose in an increasingly challenging regulatory context.

In shaping the Policy, the Committee has paid particular attention to the growing risks around recruitment and retention of high-calibre executive talent. The scale and complexity of AMP8 underscores the importance of maintaining a remuneration framework that is competitive and aligned with long-term value creation.

The Committee is grateful for the constructive engagement received from shareholders during the year, which has directly informed the final proposals set out in this Report. At a time of heightened complexity and delivery risk for the sector, we believe the proposed Remuneration Policy is both necessary and proportionate, and is firmly in the long-term interests of the Company and its stakeholders. The Committee therefore seeks your support on the proposed Remuneration Policy at the forthcoming Annual General Meeting, recognising its importance in enabling Severn Trent to attract, retain and motivate the leadership capability required to deliver successfully through AMP8.

Sharmila Nebhrajani OBE
Chair of the Remuneration Committee

Remuneration Policy Review

Context for the review

In April 2025, Severn Trent commenced its most ambitious five-year AMP. The scale of the investment we have committed to deliver (£14.9 billion) represents a material step change from previous AMPs and will need to be delivered alongside the stretching performance targets we have set across customer, environmental and community measures. Our AMP8 delivery ambition now sits within a complex backdrop of heightened public and Government scrutiny of the water sector, a changing regulatory and legislative landscape, and an expectation that companies must do more to drive rapid and sustainable performance improvements. Our successful execution of this step change in investment and performance is expected to deliver significant long-term value for all our stakeholders.

Delivery on this scale will require the very best executive talent. The overarching duty of the Remuneration Committee is therefore to ensure our remuneration structures attract, secure, and fairly reward the calibre of leadership required to run a high-performing, critical national infrastructure organisation, and pay them in a way that is motivational and aligned with investor and broader stakeholder interests.

We signalled in last year's report that we might conduct a Policy review earlier than the usual triennial timeline requires. With the first year of AMP8 behind us, we now have a clear understanding of the challenges and opportunities that this investment period will bring. As discussed on page 119, we now also have greater clarity on the impact of Ofwat's Rule following its finalisation in June 2025. We believe now is therefore the opportune point to review and refine our Policy such that it can support and reinforce our long-term success.

Throughout the Policy review, the Committee has remained acutely conscious of the evolving regulatory environment, in particular the impact of the Rule. The Committee continues to have serious concerns about how the Rule will operate in practice, including how it will interact with the Environment Agency's Water Industry Regulatory Incidents ('WIRI') framework. Under the revised WIRI guidance (which came into effect from 1 January 2026, but was still draft at the point of our initial consultation), pollution incidents caused by third parties are expected to be increasingly attributed to water companies. Combined with the binary nature of the Rule, PRP outcomes are likely to be driven by factors beyond management control or accountability, preventing fair, market-aligned, and performance-linked reward.

As discussed on page 119, the Committee continues to engage constructively with regulators and the Government as the framework evolves. In the meantime, the Committee considers it appropriate to proceed with the proposed Policy, which it believes best balances proportionality, long-term performance alignment and shareholder outcomes.

As the regulatory framework settles and the combined effect of the PRP rule and WIRI guidance becomes clearer in practice, the Committee recognises that it may be appropriate to undertake a further review of the remuneration approach, should this interaction risk producing outcomes that are no longer well aligned with performance or the original intent of the regime.

Key objectives for the 2026 Policy review

1. **Support Severn Trent's sector-leading performance,** particularly through AMP8, for the benefit of all stakeholders.
2. **Secure and fairly reward high-calibre leadership** to deliver sustainable financial and operational outcomes.
3. **Balance** evolving market practice with the requirements of Ofwat and its successor regulators.
4. **Responsibly maintain market competitiveness and governance best practice** for a FTSE100 listed company in line with the 2024 UK Corporate Governance Code and other investor guidance.
5. **Preserve strong stakeholder engagement and support** by ensuring we have a Remuneration Policy that has clarity in both its purpose and its execution.

Overview of the proposed Remuneration Policy

The changes being proposed as part of the review are evolutionary, not revolutionary, and are intended to ensure that the Policy remains appropriate to the scale, ambition and delivery challenges of AMP8, while continuing to align executive reward with long-term shareholder interests. The overarching objective of the Policy review was to strengthen the link between remuneration outcomes and sustained long-term performance, without compromising the Company's commitment to responsible pay, robust governance and regulatory compliance.

Four principal changes are proposed to the Policy:

1. Reduce annual bonus maximum from **120%** to **100%** of salary for both CEO and CFO.
2. Increase LTIP award levels to **400%** of salary for the CEO and **350%** for the CFO (from 200% and 175%).
3. Increase minimum shareholding requirements to **400%** of salary for the CEO and **350%** for the CFO.
4. Remove mandatory bonus deferral once the relevant shareholding requirements are met.

At the heart of the proposed Policy is a re-balancing between short- and long-term incentives. The annual bonus maximum for Executive Directors will be reduced to 100% of salary, which will be one of the lowest across the FTSE 100. The re-balancing of incentives will see LTIP award levels increase to 400% and 350% of salary, for the CEO and CFO, respectively. This shift reflects the long-term nature of the business and is intended to reinforce executive focus on sustained performance over AMP8 and beyond. This long-term orientation is particularly important given the multi-decade nature of investment required across the water sector, where strategic decisions and capital deployment made today will shape customer outcomes, environmental performance and shareholder value over many years. We will also continue to set highly stretching performance targets for both annual bonus and LTIP awards, an approach which has helped underpin our sector-leading performance.

The Committee firmly believes this re-balanced approach provides a more appropriate alignment between executive decision making and the long-term interests of shareholders and other stakeholders. To further enhance alignment with shareholder interests we will also increase the minimum shareholding requirements, to 400% of salary for the CEO and 350% for the CFO, from 300% and 200% respectively. These levels position shareholding above the upper quartile of our peer group, and reinforce the expectation that Executives maintain a substantial personal investment in the Company over time. In this context, the new Policy will also remove the requirement for further bonus deferral once these enhanced shareholding requirements have been met, while maintaining robust malus and clawback provisions.

The re-balanced packages will support our objective of ensuring market competitive reward to reflect the scale and complexity of the business, which can continue to drive sustained sector-leading performance. In calibrating proposed award levels, the Committee has continued to adopt a robust and responsible approach to benchmarking, which is one of many factors taken into account. We considered market data for companies of similar size and complexity (FTSE 30-100), but critically we excluded those in financial services or with significant global exposure.

The targeted increase to LTIP awards ensures that total reward outcomes for exceptional performance will be more appropriately positioned against this market context, reflective of Severn Trent's upper-quartile scale within the peer group, but without increasing fixed pay or introducing alternative or less transparent structures. Further detail on our benchmarking approach can be found on page 124.

Shareholder Consultation

We have remained committed to an open and ongoing dialogue with our shareholders on our approach to executive pay. In support of the Policy review, we have engaged widely, with shareholder feedback taken on board by the Committee in finalising the proposed Policy and how we will implement it.

Our initial engagement covered our largest 30 shareholders, representing around 75% of the register. The Committee was encouraged by the positive engagement we had from many of our shareholders, who understood the challenges we were facing and expressed broad support for the overall direction of the proposals, particularly the continued emphasis on performance-related pay, the re-balancing of incentives towards long-term outcomes through the LTIP, and the strengthening of shareholding requirements. There was also strong support for the Committee's thoughtful and responsible approach to market benchmarking.

A key theme in the feedback was the importance of ensuring that the new Policy remains sufficiently competitive especially in scenarios of sustained exceptional performance, given the scale of delivery expected through AMP8 and the challenges and uncertainties in the regulatory environment, while maintaining robust governance discipline and the focus on performance.

Based on the feedback received in the first round of engagement, the Committee refined the proposal, in particular recalibrating LTIP award levels to further re-balance packages towards the long-term. A second round of consultation was then undertaken, including with the proxy voting agencies, which indicated continued support for the proposals.

Remuneration Policy Review continued

Responsible and robust approach to remuneration benchmarking

Recognising the huge ambition and complexity 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. At the same time, the Committee recognises the need for market benchmarking to be both robust and responsible, ensuring that it can support proposals which are fair and do not unnecessarily inflate executive reward. The market data considered by the Committee in this Policy review was based on the approach we disclosed in last year's report, and has been welcomed by our shareholders in consultation.

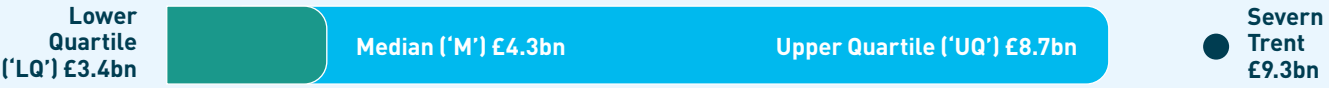
The starting point for our peer group was companies ranked between 30 and 100 in the FTSE by market capitalisation (the 'FTSE30-100'), based on Severn Trent's current ranking of around 50th. As shown in the chart below, this creates a group in which Severn Trent is one of the largest companies, with market capitalisation in the upper quartile compared to the group.

We also acknowledged that some companies within the FTSE30-100 could be argued to operate a sufficiently different type of business to warrant exclusion from the group. In particular, we recognise the increased number of FTSE companies materially increasing incentive award levels as a result of exposure to the US talent market.

Therefore, we continued to sensibly exclude from the peer group companies within the financial services sector and those with significant global exposure.

We recognise our position as a regional regulated monopoly. However, we strongly believe that effectively leading a modern water company and navigating the challenges it brings is equally comparable to the demands faced by the leaders of others in our peer group. Severn Trent is by no means a simple business. Our Executive Directors have critical responsibilities to deliver safe and reliable water and wastewater services to 4.7 million households and businesses, as well as manage and motivate a growing workforce of over 11,000 employees. Our AMP8 plan is hugely ambitious, with significant levels of capital investment and performance improvements required. We also operate 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. Furthermore, we have significant ambition within our rapidly growing non-regulated segment, in which we aim to more than double EBITDA to £100 million in 2030.

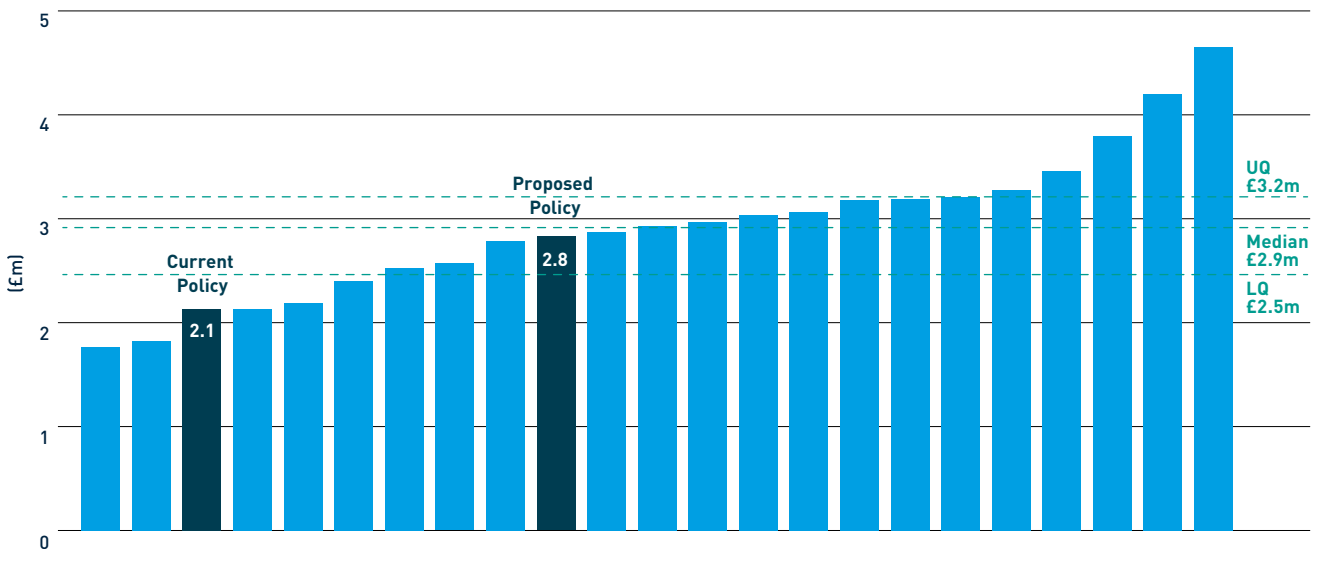
Market capitalisation of peer group (£bn)



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 (assuming no impact from the Rule). As illustrated below, the CEO's total compensation based on the current Policy would be positioned close to the bottom of the group, an unsustainable market position given Severn Trent's upper quartile positioning on market capitalisation. The proposed Policy would position the CEO closer to, but still below, the median of the Group.

Total compensation benchmarking – target

CEO



The FTSE30-100 group, after exclusions, includes: Auto Trader, Barratt Redrow, Berkeley Group, BT, Centrica, Easyjet, Howden Joinery, J Sainsbury, Kingfisher, Land Securities, Londonmetric Property, Marks & Spencer, Next, Persimmon, Rightmove, Segro, SSE, Taylor Wimpey, Unite Group, United Utilities and Whitbread.

Summary of Remuneration Policy and Implementation for 2026/27

The tables below illustrate the balance of pay and time period of each element of the Policy for Executive Directors, and how we plan to implement the Policy in 2026/27.

Total pay over five years	Year 1	Year 2	Year 3	Year 4	Year 5
Fixed pay	**Salary:** reviewed annually, no prescribed maximum **Benefits:** market competitive **Pension:** aligned to wider workforce				
Annual bonus (Subject to Ofwat's PRP Prohibition Rule. Malus and clawback provisions also apply.)	**Up to 100% of salary** **Based on performance measured over one financial year** **50% in cash[1]**	**50% in shares[1]** **Three-year deferral period** **No further performance conditions**			
LTIP (Subject to Ofwat's PRP Prohibition Rule. Malus and clawback provisions also apply.)	**Up to 400% of salary** **Three-year performance period**			**Two-year holding period** **No further performance conditions**	
Shareholding requirement	**Executive Directors' minimum shareholding requirements:** **CEO: 400%** **Other Executive Directors: 350%** **Post-employment shareholding requirement applies:** Leavers must maintain their in-employment shareholding requirement (or actual shareholding, if lower) for two years following cessation of employment.				

1 Where the shareholding requirement has been met, the bonus will not be subject to deferral and will be paid fully in cash.

Safeguards

Stretching performance targets

Ensuring PRP outcomes reflect appropriate levels of outperformance.

▶ **See more detail below.**

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, where shareholding requirements are not met. Vested LTIP shares are subject to a two-year holding period.

Minimum shareholding requirements

400% of salary for the CEO, and 350% 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.

▶ **See more detail on page 127.**

How does the Committee set and review 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 Water and Sewerage Companies ('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 129.

Summary of Remuneration Policy and Implementation for 2026/27 continued

Element	Implementation for 2026/27
Base salary	James Jesic was appointed to the CEO role on a salary of £775,000, effective from 1 January 2026. The salary for our CFO, Helen Miles, was increased to £615,000 on 1 January 2026, as part of the Policy review, and reflected the growth in her responsibilities. The next annual review of Executive Director salaries will be in 2027.
Benefits	Normal company benefits provision.
Pension	The Company contribution and/or cash allowance is 15% of base salary for both the CEO and CFO, aligned with the opportunity available to the majority of the wider workforce.
Annual bonus	The maximum bonus opportunity has been set at 100% for both the CEO and CFO. Performance measures (as a % of maximum) are: PBIT (40%), ODIs (27%), CSOs (15%), customer satisfaction (10%), H&S (8%). 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.
LTIP	Grant levels for the 2026 LTIP have been set at 400% for the CEO and 350% for the CFO. The measures, targets and vesting levels have been set out in the table below.

Measure	Sub-measure	Weighting	Threshold	Target	Maximum
Financial	RoRE[1]	50%	Ofwat's base return	1.39x Ofwat's base return	Upper quartile performance compared to the other WaSCs in the sector.
Environment	Cumulative scope 1 and 2 emissions reduction against 2019/20 baseline by 31 March 2029.	10%	36% reduction	42% reduction	48% reduction
	Self-generation – total renewable generation by 31 March 2029.	10%	815 GWh	840 GWh	865 GWh
	RNAGS – cumulative reduction by 31 March 2029.	10%	Reduction of 80	Reduction of 101	Reduction of 122
Customer	PCDs – % assessed as 'green' RAG status, as per our reporting to Ofwat, at 31 March 2029.	10%	70% 'green'	85% 'green'	100% 'green'
Communities	Social Value generated between 1 April 2026 and 31 March 2029.	10%	£14.5 million	£16.0 million	£17.5 million

1 Threshold performance on RoRE will pay out 37.5% of salary for the CEO and 29.2% of salary for the CFO. Target performance on RoRE will pay out at 150% of salary for the CEO and 116.7% for the CFO.

All-employee share plans	Participation in the all-employee share plan (Sharesave) on the same basis as all employees.
Shareholding Requirement	CEO – 400% of salary. CFO – 350% of salary. Post-employment shareholding requirement applies.

See page 141 for further details on shareholding requirements and outstanding share awards.

Case Studies

P Caring for people in our region



Social value

Delivering long-term social impact is central to our purpose. It reflects our commitment to customers today, and our responsibility to help build stronger, more resilient communities across our region. That is why Social Value forms part of our LTIP.

Our social impact work is about supporting people at risk of water poverty to develop skills, confidence and pathways into good jobs. These are life-changing outcomes that rely on deep community partnerships and take time to achieve. To achieve our ambitious goals, we need the whole Company to support on the multi-year delivery plan, making this metric well suited to long-term reward.

The target is intentionally stretching. A significant proportion of our social value comes from supporting individuals who face the greatest barriers to work, including care experienced young people, young people who are NEET (Not in Education, Employment or Training), and those who have been long-term unemployed, into jobs. Helping these individuals into sustainable roles requires intensive support, multiple touchpoints and pastoral care that goes well beyond traditional recruitment. As we progress through AMP8, the challenge increases, as our programmes become more focused on people further from the labour market, who require even greater levels of support.

There are multiple variables to manage to deliver our social value targets, including attracting and retaining high volumes of apprentices and graduates, and engaging with a range of external partners to support delivery. Together, these challenges make the measure genuinely stretching and reflective of real world complexity.

Performance against the LTIP measure is assessed using the Government endorsed National TOMs (Themes, Outcomes and Measures) framework. This provides a consistent, externally benchmarked basis for valuing outcomes and ensures that higher social value is only attributed where we deliver deeper, evidence-based impact, for example supporting individuals with significant barriers into sustained employment. Our results are independently verified each year through the Social Value Portal, giving assurance over both our methodology and delivery. This ensures that LTIP outcomes reflect genuine, measurable benefit for the communities we serve.

O Delivering outcomes our customers care about

Robust and comprehensive malus/ clawback provisions

As shown on page 125, our executive remuneration framework contains a range of safeguards to ensure we align executive reward with performance, shareholder interests, and regulatory requirements. The malus and clawback provisions form an important part of this framework.

Under these provisions, the Committee may reduce or recoup incentive payments if certain 'trigger' events occur within a period of three years from the award of a bonus or the vesting of an LTIP award.

The trigger events represent a comprehensive range of scenarios aligned to best practice guidance and FTSE100 market practice. The list of trigger events has also been expanded under the new Policy to ensure full alignment with the relevant requirements of Ofwat's PRP Rule.

Another key safeguard in our framework is the use of bonus deferral, LTIP holding periods, and shareholding guidelines, all of which are primarily intended to create a direct alignment between our Executive Directors and our shareholders. Under the proposed Policy, once an Executive has met their shareholding guideline, and sufficient alignment has therefore been created, deferral will no longer be mandated.

The Committee recognises that deferral also provides one of the available routes for effecting the implementation of the malus provision. We therefore reviewed the malus and clawback provisions, including all supporting policy and procedure, and concluded that they would remain robust and enforceable following the proposed change to deferral. The malus and clawback provisions form part of



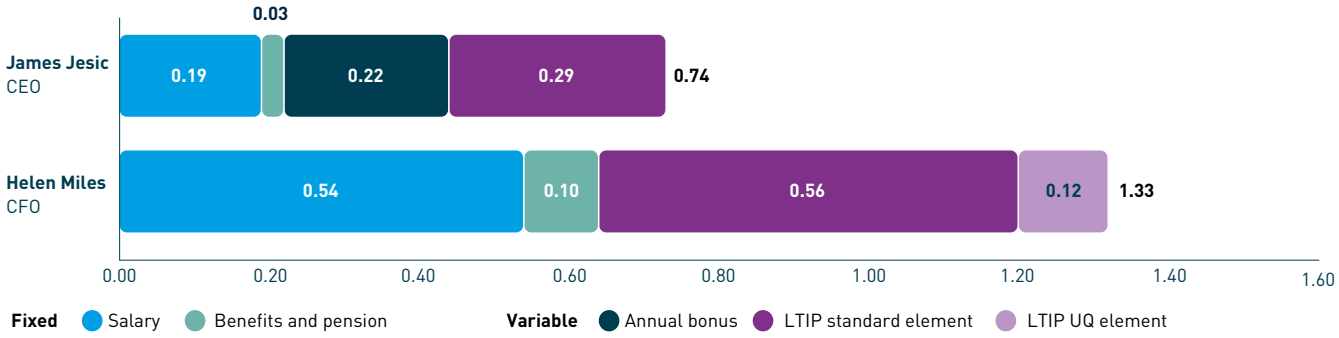
the service contracts for our Executive Directors and the Committee would have the ability to adjust a range of in-flight awards or reclaim remuneration paid and/or shares subject to holding requirements, if required in the circumstances.

Triggering events:

- Financial misstatement
- Errors in calculation
- Misconduct
- Reputational damage
- Regulatory censure
- Corporate failure of the Company
- Failures of risk management or of the operational systems and controls
- Any of the events described in Ofwat's PRP Prohibition Rule

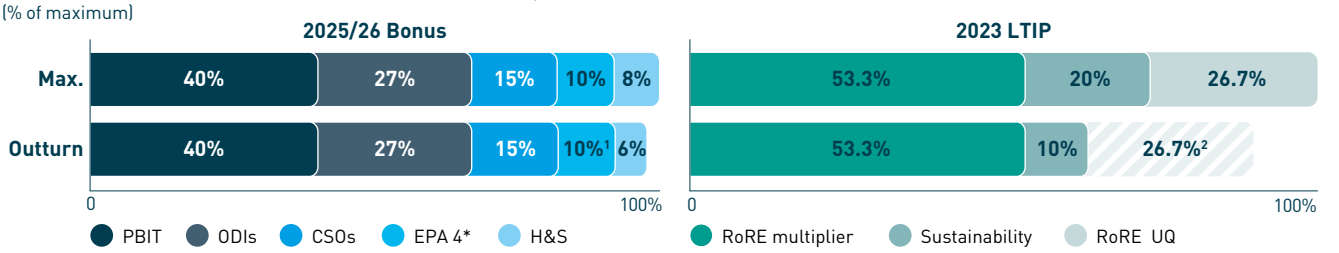
Remuneration for the Year in Review, at a Glance

2025/26 single figure outcomes (£m)



Performance-Related Pay Outcomes (before the impact of Ofwat's PRP Prohibition Rule)

(% of maximum)

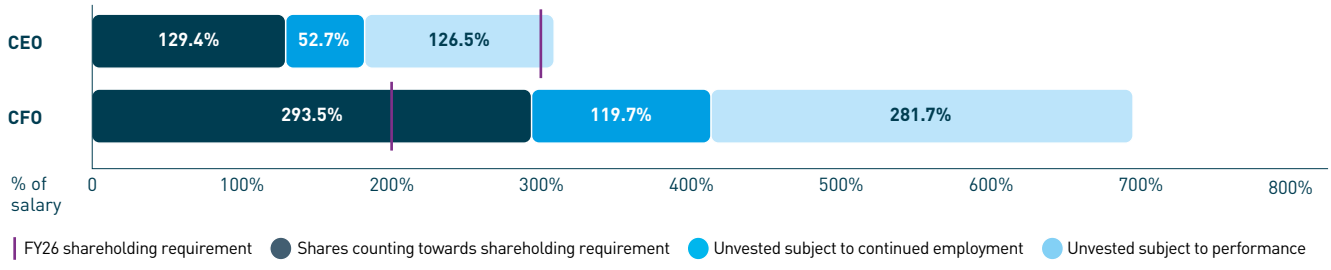


Impact of Ofwat's PRP Prohibition Rule

Annual bonus metrics: formulaic outcome		Formulaic payouts (% of max)	Performance in the round outcome	Impact of Ofwat's PRP Prohibition Rule	ABS final payout for 2025/26 (% of max)
PBIT (40%) 100%	2.5% above stretch target, and 46% higher than 2024/25	CEO: 98%[1]	Committee assessment: The overall outcomes of the annual bonus and LTIP are appropriate, justifiable and explainable, and the Policy has operated as intended. See further detail on page 129.	CEO: No impact[3]	CEO: 98%
ODIs (27%) 100%	83% above stretch target and expected to be sector leading	CFO: 88%[1]		CFO: • 2025/26 bonus prohibited in full • 2024 and 2025 LTIP awards each to be reduced by 1/6th on vesting[4]	CFO: 0%
CSOs (15%) 100%	41% reduction in average spills vs 2024/25	Former CEO: 88%[1]		Former CEO: • 2025/26 bonus prohibited in full • 2024 and 2025 LTIP awards each to be reduced by 1/6th on vesting[4]	Former CEO: 0%
EPA (10%) 100%[1]	Highest EPA rating for a seventh consecutive year				
H&S (8%) 75%	Continued strong safety performance of 0.11 LTIs				

1 The binary underpin on the EPA 4* metric was triggered for Helen Miles and the former CEO, Liv Garfield, so this element of the bonus will pay out at zero for them. James Jesic is not impacted because he was not in role at the time of the triggering incidents.
2 The outcome of the RoRE UQ stretch element (26.7%) will not be known until July 2026, when comparative RoRE performance is published by Ofwat.
3 As with the binary underpin, James Jesic is not impacted by Ofwat's PRP Prohibition Rule, due to the triggering incidents occurring prior to his appointment as CEO.
4 The 2023 LTIP is out of scope of Ofwat's PRP Prohibition Rule.

Executive Director shareholdings % of base salary



Performance in the Round - Remuneration 2025/26

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. Of fundamental importance to the Committee's assessment are the principles of proportionality and culpability. Any adjustments to the formulaic outturn must be proportionate in terms of the event that triggered the adjustment, and there must be clear culpability of management, through their actions, decisions or lack thereof.

Factors considered by the Committee

Delivery for customers	With 27% of the 2025/26 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. While our overall ODI reward is a strong indicator of customer performance, the Committee looks wider, considering performance on individual ODIs, such as leakage, internal floodings and C-Mex, as well as progress on broader customer initiatives, including technology investment to improve the customer experience.
Environmental performance	For 2025/26, environmental measures make up 39% of the annual bonus, through a combination of environmental ODIs (14%), EPA 4* rating (10%) and CSO measures (15%). Beyond the formulaic outturn, the Committee considered the Company's performance against a broad range of environmental performance indicators, supported by deep dives into the following key areas: • The EA's overall EPA framework, including Company performance against all of the measures that make up the EPA rating, both in year and over time. • CSO performance, including improvement activity underway and planned. • Progress against the Company's stated environmental commitments, including the Get River Positive pledges, and the Company's ambition to be net zero for operational emissions by 2030.
Financial performance and resilience	Whilst 40% of the 2025/26 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 in the round, including gearing and financial resilience, progress on capital investment plans and RCV growth.
Impact on our communities	The Committee considered the long-term value creation for the mutual benefit of our customers and communities, supported by deep dives into the following key areas: • Affordability, and the role the Big Difference Scheme has played in supporting customers. • The impact the Severn Trent Community Fund has had in supporting community initiatives. • Progress achieved on our Social Impact Strategy, which aims to support 100,000 people at risk of water poverty over 10 years.
Alignment to wider workforce	In addition to the Committee's annual update on workforce policies and practices, the Committee considered the alignment between Executive remuneration outcomes and the wider workforce experience, supported by reviews of the following key areas: • Assessment of employee policies and benefits, including performance management, talent programmes and skills development. • Internal and external benchmarks of employee experience – including maintenance of the Company's best ever employee engagement score and very high Sharesave participation rate. • Health and safety performance, including our people, supply chain and the customers and communities we serve.
Stakeholder relationships	The Committee reviews the strength and status of the Company's relationship with key stakeholders, including its regulators, regional MPs, local business forums and shareholders.

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. The Committee also confirms that no use has been made of malus or clawback provisions during the year.

Application of Ofwat's PRP Prohibition Rule, to determine if PRP can be paid for the year

Although the Committee was satisfied that overall performance warranted the payment of PRP as determined by the formulaic outturns, due to triggering the environmental standard within the Rule, Severn Trent is prohibited from paying the 2025/26 annual bonus to Liv Garfield (former CEO) and Helen Miles (CFO), as they were both Executive Directors at the time of the triggering incidents. James Jesic was not however, so he will receive the formulaic outturn of the bonus.

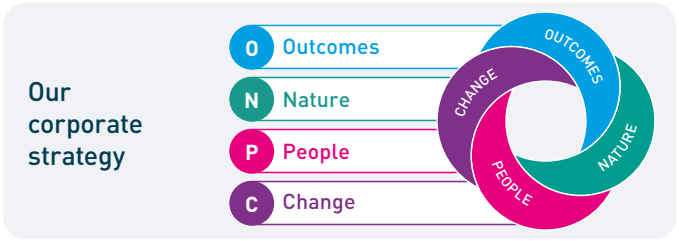
Aligning our Remuneration for the Year Ahead to our Stakeholders and Strategic Ambitions

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.



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
2026/27 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.	Aligned to the stretching PBIT budget set by the Board, which requires delivery of significant year-on-year growth.
	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 advanced 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.
	Customer Satisfaction (10%)	O P C		This measure focuses on improving the customer experience by minimising the number of chase calls we receive. It is a clear and measurable way of identifying poor customer service.	Targets set by reference to historic performance, with stretch representing a 20% improvement on prior 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.
2026 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 assessed as 'green' RAG status, as per our reporting to 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 water poverty over 10 years.

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	11,544 (as at 31 March 2026)	Salary	• The increase in average annual salary across the workforce in 2025/26 was 2.8%. • 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.	• Wider workforce increases versus the Executive population. • Differences across employee groups. • Benchmarking against market rates.
		Benefits	• 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.	• Ensuring a consistent approach is applied across the business for benefits. • Reviewing the breadth of benefit offerings.
		Pension	• 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 97% of our employees are members of the pension scheme and 61% pay contributions above the minimum of 3%.	• Alignment of pension contributions across the workforce. • Support levels for workers approaching retirement.
		Annual bonus	• 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 Infrastructure Services, to reflect specific business needs.	• A consistent design is operated throughout the business. • Details of performance measures and targets. • Malus and clawback provisions are in place.
		Sharesave	• All employees of the Severn Trent Group 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 almost 70% of employees participating in the scheme, and nearly a quarter of those saving the maximum £500 per month.	• Participation rates.
Management and Senior Management	482	LTIP	• 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. • LTIP opportunities vary by role from 25% of salary to 400% of salary.	• Eligibility. • Cost. • Dilution. • Details of performance measures and targets. • Malus and clawback provisions are in place.
Executive Directors and Executive Committee	9	Shareholding requirements	• Shareholding requirements as a % of salary are in place. For 2025/26, these were: 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.	• Requirements versus actual shareholdings.
Our supply chain			• 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.	

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 5% 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 has in reducing pay gaps. More detail can be found on our pay gaps on page 134.

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.



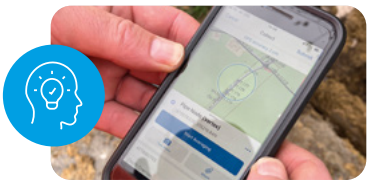
Sharing in success

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 almost 70% of our employees 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.



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.



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 97% of our people are members of the pension scheme and 61% pay contributions above the statutory minimum of 3%.



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 40,000 people, generating nearly £15 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.

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 page 131 and in our 2026 Policy.

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 2026, 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.

For the financial year ended 31 March 2026, Liv Garfield was CEO until 31 December 2025 and James Jesic was CEO from 1 January 2026. In calculating the CEO pay ratio we have therefore used the aggregate of the amounts set out in the single figure table on page 135 which reflect their respective periods of service as CEO.

CEO pay ratio

CEO	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	**2025/26**
Total single figure (£'000)[1]	2,765.1	3,084.0	3,948.4	3,116.9	3,203.8	3,432.4	**1,826.2**
Ratio of CEO's single total remuneration figure shown:							
To employee at the 25th percentile	84.5	92.8	116.0	91.1	86.3	88.2	**46.0**
To employee at the 50th percentile	65.7	72.3	90.8	71.0	67.0	67.4	**34.8**
To employee at the 75th percentile	53.9	59.8	75.3	58.9	55.0	55.4	**28.4**
Ratio of CEO's single total remuneration figure shown to the median Executive Committee member:							**1.7**

1 Figures for 2025 have been restated to reflect the updated 2022 LTIP award values and outturn, based on the share price at the date of vesting and including dividend equivalents in respect of vested shares.

The median CEO pay ratio has decreased from 67.4 to 34.8 year on year, driven by a combination of:

- The change in CEO during the year, with the new CEO, James Jesic, starting on a lower salary than his predecessor, and having an LTIP vesting which was granted before he became CEO, and therefore at a lower level; and
- The impact of Ofwat's PRP Prohibition Rule, which resulted in the payment of Liv Garfield's annual bonus for 2025/26 being prohibited in full. More details on the impact of the Rule are set out on page 119.

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.

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

- 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 particular 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: 30.5
  - To employee at the 50th percentile: 23.0
  - To employee at the 75th percentile: 18.8

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

CEO	**2025/26**
Base salary (£'000)	
• Employee at the 25th percentile	**31.8**
• Employee at the 50th percentile	**37.7**
• Employee at the 75th percentile	**47.1**
Total pay and benefits (£'000)	
• Employee at the 25th percentile	**39.7**
• Employee at the 50th percentile	**52.6**
• Employee at the 75th percentile	**64.4**

The Relationship Between the Remuneration of the CEO and all Employees continued

Gender and Ethnicity Pay Gap Reporting

We are delighted to have published our fourth 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 2026 in line with statutory requirements, based on figures from 5 April 2025.

The difference in hourly pay between male and female employees in 2025 is:

Median	Mean
5.4%	0.5%

The difference in annual bonus pay between male and female employees in 2025 is:

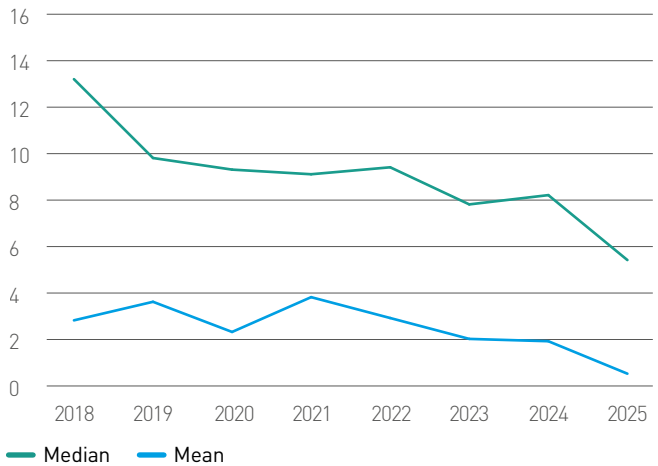
Median	Mean
-0.5%	-64.3%

Our median gender pay gap has decreased to 5.4% in 2025, from 8.2% in 2024, and is now at its narrowest since reporting began. We have made innovative and sustained efforts over successive years to increase female representation across the organisation. This includes new strategies targeting better recruitment, retention, and progression of women. We believe this is the key factor in delivering the improvements seen in our gender pay gap.

Our mean gender pay gap has also decreased to its lowest reported level of 0.5% in 2025 from the 1.9% seen in 2024. 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 (%)



Ethnicity pay gap

In our fourth year of publishing our ethnicity pay gap information, the median gap is 6.9% (2024: 10.1%) and the mean gap is 6.1% (2024: 7.6%).

The difference in hourly pay between white and minority ethnic employees in 2025 is:

Median	Mean
6.9%	6.1%

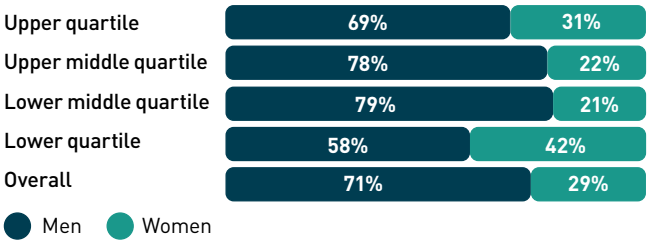
The difference in annual bonus pay between white and minority ethnic employees in 2025 is:

Median	Mean
0.0%	30.6%

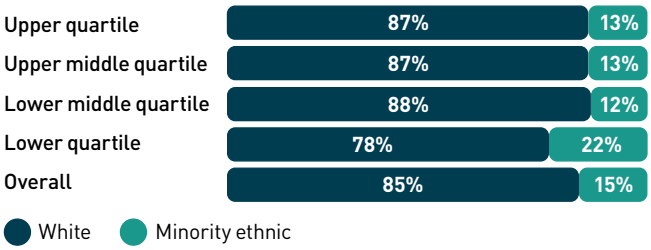
Since the launch of our first D&I strategy in 2021, we have seen a gradual increase in the percentage of ethnic minority employees, rising to 15% at April 2025. We are particularly pleased to see strong growth over the last year, with ethnic minority representation increasing from 13% to 15%, coinciding with the launch of our refreshed D&I strategy in 2024. We are making good progress with our ambition for a workforce which represents the communities we serve, at 18.9% minority ethnic background.

We believe the narrowing we have seen in our ethnicity pay gaps is due to the ethnic minority talent which has joined us in recent years beginning to progress through the organisation, alongside efforts to attract a more diverse range of applicants for roles throughout the various levels of the Company.

2025 Pay distributed by gender:



2025 Pay distributed by ethnicity:





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.

Scan to download our 2025 Gender and Ethnicity Pay Gap Report

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 9 July 2026.

Total single figure of remuneration (audited)

The table below sets out the total single figure of remuneration received by the Executive Directors for 2025/26 (or for performance periods ended in 2025/26 in respect of long-term incentives) and 2024/25 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]
James Jesic CEO	**2025/26[8]**	**193.8**	**4.8**	**29.1**	**0.9**	**228.5**	**224.7**	**287.4**	N/A	**287.4**	**512.2**	**740.7**
	2024/25[8]	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Helen Miles CFO	**2025/26**	**541.9**	**16.4**	**81.3**	**0.0**	**639.5**	**0.0**	**562.0**	**125.0**	**687.0**	**687.0**	**1,326.5**
	2024/25	498.0	16.5	74.7	0.0	589.2	499.0	343.8	119.1	462.9	961.9	1,551.1
Liv Garfield former CEO	**2025/26[9]**	**646.5**	**13.4**	**97.0**	**0.0**	**756.9**	**0.0**	**N/A**	**328.7**	**328.7**	**328.7**	**1,085.6**
	2024/25	829.6	18.9	124.4	0.0	972.9	831.2	1,314.9	313.3	1,628.2	2,459.4	3,432.3

1 Salaries are shown before the deductions of benefits purchased through the Company's salary sacrifice scheme, such as pension contributions.
2 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 benefit-in-kind relating to electric vehicles.
3 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.
4 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.
5 James Jesic's 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 137 for further details of the annual bonus outturn for 2025/26.
6 For 2025/26, the value of the LTIP is based on the outcome of the standard element of the total potential 2023 LTIP vesting, plus the UQ element of the 2022 LTIP. For 2024/25, the value of the LTIP is based on the standard element of the total 2022 LTIP vesting, plus the UQ element of the 2021 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 pages 138-139.
7 The 2025/26 total remuneration figures include £125.0k for the CFO and £328.7k for the former CEO in respect of UQ performance for the 2022 LTIP, which is published one year in arrears and therefore relates to the 2024/25 remuneration figure. The figure for the CEO is not disclosed, as this was awarded to him prior to him becoming an Executive Director.
8 The single figure values for James Jesic reflect the amounts he has earned since he became an Executive Director, on 1 January 2026.
9 Liv Garfield stepped down from the Board on 31 December 2025. Her 2025/26 single figure amount therefore reflects what she had earned up to that point. Further details are set out below.

Treatment of former CEO's remuneration on stepping down (audited)

Liv Garfield stepped down as CEO and Executive Director of Severn Trent Plc on 31 December 2025. Her remuneration arrangements were treated in line with the shareholder approved Policy. This section sets out the remuneration arrangements that were agreed by the Committee.

Employment and notice

- Liv remained employed by the Company until 30 April 2026.
- She continued to receive her salary (£291.1k), pension contributions (£43.7k), and contractual benefits (£5.7k) until that date. Total payments for the four month period to 30 April 2026 were therefore £340.4k.

Annual bonus

- Liv remained eligible for the annual bonus for the financial year ending 31 March 2026, although as noted previously, due to Ofwat's PRP Prohibition Rule being triggered, she will not be paid a bonus in relation to 2025/26.

Share awards

- All outstanding awards remain subject to the terms of the relevant share plans. The Committee made the decision to apply discretion, with Liv being treated as a 'good leaver' for the purposes of outstanding share awards.
- Outstanding LTIP awards granted in 2023, 2024 and 2025 will continue to vest on their normal dates and subject to the original performance conditions.
- The 2024 and 2025 awards will be pro-rated to her leave date and reduced by one sixth due to triggering Ofwat's PRP Prohibition Rule in 2025/26. The maximum number of shares that could vest will therefore be 38,668 for the 2024 LTIP award, and 18,390 for the 2025 LTIP award.
- For the 2023 award, as Liv remained in employment until the end of the performance period, no pro-rating will be applied, and it is out of scope of Ofwat's PRP Prohibition Rule.
- Vested LTIP shares will remain subject to the standard two-year holding period and malus/clawback provisions.
- Liv will not receive an LTIP award in 2026.
- Outstanding deferred share awards granted in 2023, 2024 and 2025 will vest on the original vesting date. The maximum number of shares that could vest under each award will be 6,521, 12,131 and 15,524 respectively.

Other payments and arrangements

- No other payments for loss of office have, or will, be made.
- Liv's two-year Post Employment Shareholding Requirement ('PESR') period, which requires her to hold 300% of salary in shares, commenced the day after she stepped down from the Board, on 1 January 2026.

Payments to former Directors

Outside of the payments made to the former CEO explained above, there have been no other payments made in relation to former Directors during the year.

Annual Report on Remuneration continued

Remuneration of the CEO

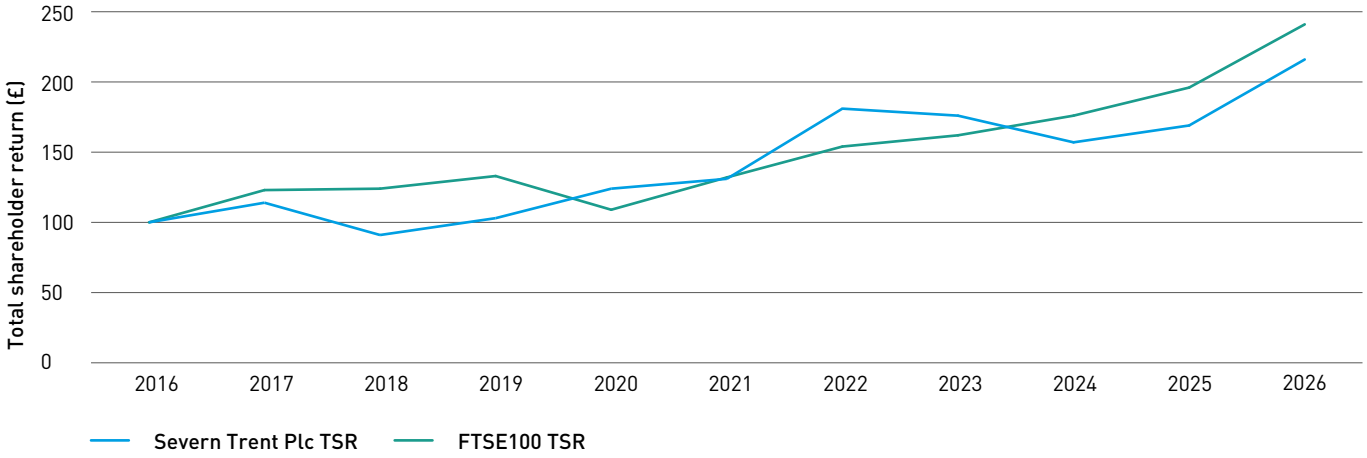
The total remuneration for the CEO over the last 10 financial years is shown in the table below. The annual bonus payout and LTIP vesting level as a percentage of the maximum opportunity is also shown.

Year ended 31 March	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2026
CEO	Liv Garfield	Liv Garfield	Liv Garfield	Liv Garfield	Liv Garfield	Liv Garfield	Liv Garfield	Liv Garfield	Liv Garfield	Liv Garfield	James Jesic
Total remuneration (£'000)[1]	2,424.0	2,193.5	2,478.8	2,765.1	3,084.0	3,948.4	3,116.9	3,203.8	3,432.4	**1,085.6**	**740.7**
Annual bonus (% of maximum)	75.8%	60.4%	58.5%	74.0%	63.8%	81.0%	38.5%	60.9%	82.5%	**0.0%[2]**	**98.0%**
LTIP vesting (% of maximum)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%[3]	**70.0%[4]**	**63.3%[3]**

1 2018 onwards includes any SAYE grants made during the year, as well as dividend equivalents in respect of vested LTIP shares.
2 On a formulaic basis, Liv's bonus for 2025/26 should have been 88.0%, but payout was reduced to 0% due to the impact of Ofwat's PRP Prohibition Rule.
3 The vesting of the 2022 LTIP award was reported in the 2024/25 Directors' Remuneration Report as 80% of maximum. In light of UQ performance being achieved, the UQ element of the 2022 LTIP award has since vested in full. To reflect this, the LTIP vesting percentage for 2025 has been restated. The additional LTIP value arising from the full vesting of the UQ element (£328.7k) is included in the total remuneration value for 2025/26.
4 The value of the 2023 LTIP award for 2025/26 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 2026; such vesting, if any, will form part of the total remuneration value for 2026/27.

Total shareholder return ('TSR')

The graph below shows the value at 31 March 2026 of £100 invested in Severn Trent Plc on 1 April 2016 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.



Benefits for 2025/26 (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. We show below the benefits received by the individual Executive Directors in the year, and their typical annual value where possible.

Benefits for 2025/26 (audited)	Typical annual value 2025/26
Green travel allowance	£15,000
Private medical insurance	£2,108
Life assurance	Up to 6x salary
Personal accident cover	As per the Group-wide Policy
Biennial health screening	£822 per health screen
Incapacity benefits	Worth 75% of salary for a period of five years (subject to qualifying criteria)

Annual bonus outturn for 2025/26 (audited)

Our all-employee annual bonus 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	£760m	£800m	£840m	49% growth vs prior year	£861m	40%	40%
Customer and Environment ODIs	£20m	£25m	£30m	Sector leading	£56m	27%	27%
Combined Sewer Overflows ('CSOs')[1]	0%	50%	100%	Sector leading	See footnote 1	15%	15%
EPA Rating[2]	N/A	N/A	Achieved	Sector leading	Highly confident of EPA 4*	10%	10% / 0%
Health and Safety[3]	0.17	0.13	0.09	Sector leading	0.11	8%	6%
Total						**100%**	**98% / 88%[4]**

1 Our CSOs element is split into two equally weighted sections for reduction in CSO spills and completion of agile CSO solutions. The outcome represents full payout on the CSO spills element (average spills per CSO of 15.0 versus a binary target of 18.8), and maximum outcome against the CSO solutions element (achievement of 1,100 versus threshold of 600, target of 800 and maximum of 1,000).

2 This measure only pays out if we achieve the highest EPA 4* rating. It also includes a binary underpin, whereby the EPA serious pollutions metric needs to be 'green' for the previous calendar year for the metric to pay out. Although we are highly confident of achieving EPA 4* for the seventh consecutive year, due to two serious pollutions in 2025, this metric was 'amber', so this element was reduced from 10% to a zero payout for our CFO, Helen Miles, and former CEO, Liv Garfield. Our new CEO, James Jesic, was not an Executive Director at the time of the incidents, so he is not impacted by the underpin.

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

4 As explained on page 119, due to the impact of Ofwat's PRP Prohibition Rule, the 2025/26 payout for the CFO and former CEO will be reduced from 88% to 0%.

Annual Report on Remuneration continued

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

One half of the bonus earned in respect of performance during 2024/25 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	2025 Annual Bonus Scheme relating to 2024/25	Deferred bonus	15,524	05/06/2025	415.5	05/06/2028	26.77
Helen Miles			9,319		249.4		

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 2025/26 (audited)

The outcome of the 2023 LTIP award is based on performance over the three-year period from 1 April 2023 to 31 March 2026. This is the sixth LTIP award vesting that includes a stretch measure relative to the UQ performance of the other WaSCs.

With 80% of the 2023 LTIP award 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 of 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 2023 LTIP award vesting schedule for performance levels as a percentage of salary:

	RoRE			Sustainability				
	Threshold FD	1.39x FD	UQ RoRE performance relative to WaSCs	Scope 1&2 emissions reduction	Self-generation target	Scope 3 supply chain engagement	Roll-out of Net Zero hub	Total maximum
CEO	16%	64%	96%	6%	6%	6%	6%	120%
CFO	20%	80%	120%	7.5%	7.5%	7.5%	7.5%	150%
Former CEO	30%	120%	160%	10%	10%	10%	10%	200%

We note that the vesting schedule for the CEO (James Jesic) applies to the awards that were granted prior to his Board appointment at a level of 120% of salary.

2023 LTIP award: standard RoRE element

The standard RoRE element of the 2023 LTIP award measures the Company's performance against RoRE set by Ofwat's Final Determination. Over the three-year period of the 2023 LTIP award, the Company achieved a RoRE of 2.14x 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 2023 LTIP award, which is equivalent to 53.3% of maximum for the total 2023 LTIP award for the CEO and CFO, and 60% of maximum for the former CEO. Full details are set out in the table below.

				Standard proportion of 2023 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[2] (£'000)	Value of LTIP shares vesting[3] (£'000)	Value of dividend equivalents due[4] (£'000)	Value of standard element of LTIP (single figure) (£'000)
James Jesic	13,543	368.3	31/03/2026	63.3%[1]	8,577	27/07/26	25.5	258.7	28.7	287.4
Helen Miles	26,477	720.0		63.3%[1]	16,769		49.8	505.8	56.2	562.0
Liv Garfield	57,094	1,552.6		70%[1]	39,966		118.7	1,205.5	133.9	1,339.4

1 For James and Helen, this figure includes 53.3% vesting for the standard RoRE element, plus 10% vesting for the sustainability element. For Liv, it includes 60% vesting for the standard RoRE element, plus 10% vesting for the sustainability element.
2 The appreciation in share price over the vesting period has increased the value of the LTIP awards by the amount shown in the table. Based on the average share price over the final three months of the performance period of £30.16 , this equates to 844 shares for James, 1,651 shares for Helen and 3,936 shares for Liv.
3 Based on the average share price over the final three months of the performance period of £30.16, as the awards will not be released until July 2026.
4 Based on dividends paid in the period since the date of grant to 31 March 2026.

2023 LTIP award: UQ RoRE element

The UQ element of the 2023 LTIP award cannot be measured, and so the associated vesting will not be known until the end of July 2026, when comparable statistics for the other WaSCs are published and provided to Ofwat; such vesting, if any, will therefore be disclosed in the 2026/27 Directors' Remuneration Report.

2023 LTIP award: sustainability element

The sustainability element of the 2023 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 2023 LTIP, the Company achieved the following:

Measure	Description	Target	Actual	Weighting	Outcome achieved
Scope 1 & 2 emissions reduction	Achieving a cumulative reduction in our Scope 1 & 2 emissions of 30% against a 2019/20 baseline (of 508.4 kT) by 31 March 2026.	30%	27%	5%	0%
Self-generation	Achieving an outturn of 137 GWh additional generation from the 2019/20 baseline of 486 GWh, enabling a minimum total renewable generation of 623 GWh by 31 March 2026.	623 GWh	621 GWh	5%	0%
Scope 3 supply chain engagement	To have suppliers representing 70% of our Scope 3 emissions committed to a Science-Based Target at 31 March 2026.	70%	71%	5%	5%
Roll-out of Net Zero Hub	Achieving a cumulative reduction in Scope 1, 2 and 3 emissions of 15 kT by 31 March 2026.	15.0 kT	15.3 kT	5%	5%
				20%	10%

2022 LTIP UQ RoRE element

As reported last year, the standard element of the 2022 LTIP award vested in full, being equivalent to 80% and 73.3% of maximum for the total 2022 LTIP award for the former 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 2024/25 (the UQ element). Vesting under the UQ element of the 2022 LTIP award was only known at the end of July 2025 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 2025/26 single figure for the former CEO and CFO (equivalent to 20% and 26.7% of maximum of the total 2022 LTIP award respectively).

No discretion has been exercised by the Committee to override the formulaic outturns of either the 2022 or 2023 LTIP awards.

The table below reflects the vesting of the UQ element of the 2022 LTIP award (as a percentage of the maximum award). The 2022 LTIP vested at 100% of maximum when the standard and UQ elements are combined.

				UQ element of 2022 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	52,951	1,517.6	31/03/2025	20.0%	10,590	24/07/2025	(13.3)	290.2	38.5	328.7
Helen Miles	15,102	432.8		26.7%	4,027		(5.0)	110.4	14.6	125.0

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 2025 of £27.41.
3 Based on dividends paid in the period since date of grant to 24 July 2025.

Annual Report on Remuneration continued

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 2025/26, the reportable LTIP figures are the standard RoRE element of the 2023 LTIP award, the sustainability element of the 2023 LTIP award, and the UQ element of the 2022 LTIP award. For 2024/25, the reportable LTIP figures are the standard RoRE and sustainability elements of the 2022 LTIP award and the UQ element of the 2021 LTIP award.

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

	CEO		CFO	
	2024/25[1]	**2025/26[2]**	2024/25[1]	**2025/26[2]**
Standard RoRE element	N/A	**242.1**	250.0	**473.3**
Sustainability element	N/A	**45.1**	93.8	**88.7**
UQ RoRE element	N/A	**N/A[3]**	119.1	**125.0**
LTIP total in single figure values (£'000)	N/A	**287.4**	462.9	**687.0**

1 For the 2024/25 valuation, the share price used for the standard RoRE and sustainability elements was based on the share price on vesting of the 2022 LTIP, of £27.41. The UQ RoRE element was calculated using the share price on vesting of the 2021 LTIP, of £25.14.
2 For the 2025/26 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 £30.16. The UQ RoRE element was calculated using the share price on vesting of the 2022 LTIP, of £27.41.
3 As per the regulations, figures are not included for James Jesic in respect of the 2024/25 UQ element, as he was not an Executive Director during the performance period.

LTIP awards granted during the year (audited)

2025 LTIP award

	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[2]
James Jesic	15,162	01/07/2025	415.7	31/03/2028	25/07/2028	£27.42
Helen Miles	32,162		881.9			
Liv Garfield	61,232		1,679.0			

1 LTIP awards are conditional share awards subject to performance conditions, as set out below.
2 The three days used for the average share price calculation were 26, 27 and 30 June 2025.

		Financial			Non-Financial[1]					
		RoRE			Environmental			Customers	Communities	
2025 LTIP Award		Threshold FD baseline (% salary)	1.39x FD (% salary)	UQ performance relative to WaSCs (% salary)	Scope 1 and 2 reduction	Self-generation	RNAGS	PCDs	Social Value	Max outturn (% salary)
Vesting for performance	**CEO**	10%	40%	60%	12%	12%	12%	12%	12%	120%
	CFO	14.6%	58.3%	87.5%	17.5%	17.5%	17.5%	17.5%	17.5%	175%
	Former CEO	18.8%	75%	100%	20%	20%	20%	20%	20%	200%

1 For the non-financial measures, if threshold performance targets were met, these elements would vest at 2.25% of salary for the CEO, 3.28% for the CFO and 3.75% for the former CEO.

Performance measure details

Measure	Sub-measure	Weighting	Threshold	Target	Maximum
Financial	RoRE	50%	Ofwat's base return	1.39x Ofwat's base return	Upper quartile performance compared to the other WaSCs in the sector
Environment	Cumulative scope 1 and 2 emissions reduction against 2019/20 baseline by 31 March 2028	10%	34% reduction	40% reduction	46% reduction
	Self-generation – total renewable generation by 31 March 2028	10%	of 751 GWh	of 775 GWh	of 799 GWh
	RNAGS – cumulative reduction by 31 March 2028	10%	Reduction of 59	Reduction of 74	Reduction of 89
Customer	PCDs – % assessed as 'green' RAG status, as per our reporting to Ofwat, at 31 March 2028	10%	70% 'green'	85% 'green'	100% 'green'
Communities	Social Value generated between 1 April 2025 and 31 March 2028	10%	£10 million	£11.5 million	£13 million

Executive Director shareholdings

Shareholding requirement

The Committee believes 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.

The Executive Directors have built significant shareholdings during their employment with the Company and have also increased their shareholdings further through personal share purchases.

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. The shareholding requirements for the CEO and CFO remained unchanged in 2025/26.

Executive Director shareholdings % of base salary

	Shareholding requirement	Shares counting towards shareholding requirement[1]	Unvested subject to continued employment[2]	Unvested subject to performance[3]
CEO	300%	129.4%	52.7%	126.5%
CFO	200%	293.5%	119.7%	281.7%

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 2023 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 2023 LTIP vests in full.
3 Represents the 2024 and 2025 LTIP awards which are subject to ongoing performance.

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

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[4]	% shareholding requirement achieved
James Jesic 1 January 2026 – present	24,571	43,906	14,859	1,029	300%	129%	43%
Helen Miles 1 April 2023 – present	47,697	79,895	20,230	0	200%	294%	147%
Non-Executive Directors							
Christine Hodgson 1 January 2020 – present	7,486	–	–	–	–	–	–
Nick Hampton 4 April 2025 – present	1,500	–	–	–	–	–	–
Tom Delay 1 January 2022 – present	300	–	–	–	–	–	–
Sarah Legg 1 November 2022 – present	1,912	–	–	–	–	–	–
Sharmila Nebhrajani 1 May 2020 – present	231	–	–	–	–	–	–
Richard Taylor 1 April 2024 – present	2,911	–	–	–	–	–	–
Former Directors[5]							
Liv Garfield Resigned 31 December 2025	461,087	108,443	34,176	875	300%	1,696%	565%
Kevin Beeston Resigned 30 April 2025	5,996	–	–	–	–	–	–

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 £30.90 (as at 31 March 2026). The guideline figures include unvested annual bonus shares (47% deducted to cover statutory deductions).
5 The shareholdings of former directors are shown at the date of stepping down from the Board.

There has been one change to the Directors' interests in the ordinary share capital of the Company between those set out above and 19 May 2026. This relates to the exercise of James Jesic's 2023 Sharesave scheme, on 1 May 2026, which increased James' holding by 164 shares.

Annual Report on Remuneration continued

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 2025 (audited)

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

Operation	Fees 2025/26 (£'000)
Chair's fee	353.3
Fee paid to all Non-Executive Directors	68.0
Supplementary fees:	
• Senior Independent Director	17.3
• Audit and Risk Committee Chair	19.6
• Corporate Sustainability Committee Chair	17.3
• Remuneration Committee Chair	19.6
• Treasury Committee Chair	18.4

Chair and Non-Executive Fees paid for the year ending 31 March 2026 (audited)

The table below sets out all amounts received by Non-Executive Directors during the year for their services to the Severn Trent Plc Board. These amounts comprise of their fees only; Non-Executive Directors do not receive benefits from the Company, but are reimbursed for any reasonable business expenses incurred.

	Fees 2024/25 (£'000)	Fees 2025/26 (£'000)
Christine Hodgson 1 January 2020 – present	335.7	**349.9**
Nick Hampton 4 April 2025 – present	0.0	**82.3**
Tom Delay 1 January 2022 – present	81.0	**84.5**
Sarah Legg 1 November 2022 – present	83.2	**86.8**
Sharmila Nebhrajani 1 May 2020 – present	83.2	**86.8**
Richard Taylor 1 April 2024 – present	80.1	**85.6**
Former Directors		
Kevin Beeston Resigned 30 April 2025	81.0	**6.8**

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]				
	21/22	22/23	23/24	24/25	**25/26**	21/22	22/23	23/24	24/25	**25/26**	21/22	22/23	23/24	24/25	**25/26**
Executive Directors															
James Jesic[4]	–	–	–	–	**–**	–	–	–	–	**–**	–	–	–	–	**–**
Helen Miles[4]	–	–	–	3.8%	**8.8%**	–	–	–	(24.3)%	**(0.3)%**	–	–	–	31.5%	**(100)%**
Non-Executive Directors[5]															
Christine Hodgson	1.7%	2.3%	2.9%	4.5%	**4.2%**	–	–	–	–	**–**	–	–	–	–	**–**
Nick Hampton	–	–	–	–	**–**	–	–	–	–	**–**	–	–	–	–	**–**
Tom Delay	–	19.3%	8.2%	4.5%	**4.2%**	–	–	–	–	**–**	–	–	–	–	**–**
Sarah Legg	–	–	8.9%	25.5%	**4.2%**	–	–	–	–	**–**	–	–	–	–	**–**
Sharmila Nebhrajani	8.7%	8.3%	17.8%	4.5%	**4.2%**	–	–	–	–	**–**	–	–	–	–	**–**
Richard Taylor	–	–	–	–	**6.9%**	–	–	–	–	**–**	–	–	–	–	**–**
Former Directors															
Liv Garfield	2.3%	2.3%	2.8%	4.5%	**(22.1)%**	(3.1)%	5.3%	1.8%	2.7%	**(29.4)%**	30.0%	(51.3)%	62.8%	42.3%	**(100)%**
Kevin Beeston[6]	6.8%	4.9%	2.7%	4.5%	**(91.6)%**	–	–	–	–	**–**	–	–	–	–	**–**
Colleagues															
Average per employee	2.1%	3.4%	6.8%	6.4%	**2.8%**	0.3%	2.8%	(1.0)%	(2.9)%	**(6.5)%**	9.9%	(41.6)%	67.2%	28.9%	**4.9%**

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 James Jesic in respect of 2024/25 and earlier, as he did not become and Executive Director until 1 January 2026. Similarly, 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 Retired from the Board on 30 April 2025.

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

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	2024/25 £m	**2025/26 £m**	% change
Staff costs	552.8	670.7	21.3%
Dividends	356.0	371.3	4.3%

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

External directorships

James Jesic does not hold any external directorships outside of the Severn Trent Group.

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 9 July 2026. James Jesic 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
James Jesic	01/01/2026	Rolling	12 months	Payments for loss of office comprise a maximum of 12 months' salary and benefits only.
Helen Miles	01/04/2023			

Committee Governance

The Remuneration Committee's agenda for 2025/26

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 2025/26 ahead of approving the formulaic outturns for the 2025/26 annual bonus and the 2023 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 updates on:

- changes to our default defined contribution pension investment fund to deliver more optimal long-term retirement outcomes for members;
- going beyond the statutory requirements for neonatal care, offering full pay for up to 12 weeks;
- expansion of our physiotherapy offering, including the introduction of on-site appointments;
- the Severn Trent 2025 Gender and Ethnicity Pay Gap Report; and
- alignment of Executive and wider workforce annual pay increases.

The Committee reported to the Board on these matters.

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 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.

Meeting attendance in 2025/26

Committee Members	09/04/25	14/05/25	23/07/25	13/11/25	16/01/26	05/03/26
Sharmila Nebhrajani	●	●	●	●	●	●
Christine Hodgson	●	●	●	●	●	●
Richard Taylor	●	●	●	●	●	●
Nick Hampton	●	●	●	●	●	●
Kevin Beeston[1]	●	○	○	○	○	○

1. Kevin Beeston resigned from the Board on 30 April 2025.

What the Committee will look at in 2026/27

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 2026/27:



Implementation of new Policy

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



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.

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.

2025 AGM shareholder voting outturn

Resolution	Votes for	Votes against	Votes withheld
Approve Directors' Remuneration Report	249,163,730	2,976,194	59,502
	(98.82%)	(1.18%)	

2024 AGM shareholder voting outturn

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

To ensure that the Company's remuneration practices are in line with best practice, the Committee has appointed independent external remuneration advisers, A&M. This appointment in 2024 followed a formal selection process. A&M attends meetings of the Committee.

A&M is a member of the Remuneration Consultants Group Code of Conduct and adheres to this Code in its 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 £113.7k 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.

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 General Counsel and Company Secretary acts as secretary to the Committee.

Sharmila Nebhrajani OBE
Chair of the Remuneration Committee

Directors' Remuneration Policy

This section contains Severn Trent Plc's proposed Directors' Remuneration Policy (the 'Policy') that will govern and guide the Company's future remuneration payments to Directors. The Policy described in this section is intended to apply for three years and will be applicable from the date of approval by shareholders at the Company's 2026 Annual General Meeting ('AGM').

Summary of changes to the proposed Remuneration Policy

Four changes to the Policy are proposed:

- Reduce annual bonus maximum from 120% to 100% of salary for CEO and CFO;
- Increase LTIP award levels to 400% (CEO) and 350% (CFO) of salary (from 200% and 175%);
- Increase shareholding requirements to 400% (CEO) and 350% (CFO) of salary; and
- Remove bonus deferral once shareholding guidelines are met.

Base salary

Purpose and link to strategy	To recruit and reward Executive Directors of a suitable calibre for the role and duties.
Operation	Salaries for individual Executive Directors are reviewed annually by the Committee and normally take effect from 1 July. When determining the salary of the Executive Directors, the Committee takes into consideration a number of factors including the scale and complexity of the Company, the scope and responsibilities of the role, the skills, experience and contribution of the individual, the Committee's assessment of the competitive environment including consideration of market data for similar roles, Company performance, affordability, the wider economic environment and internal relativities.
Maximum opportunity	There is no prescribed maximum salary. Current salary levels of the Executive Directors are set out in the Annual Report on Remuneration on page 126. The Committee will take account of the factors outlined in this table when considering salary increase for Executive Directors. This includes consideration of the average increase for the employee population, although increases above this level may be awarded, if considered appropriate, to reflect the range of factors described in this table.
Performance measures	Not Applicable.

Benefits

Purpose and link to strategy	To provide competitive benefits in the market to enable the recruitment and retention of Executive Directors.
Operation	Current benefit provision includes a 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. The Committee recognises the need to maintain suitable flexibility in the benefits provided to ensure it is able to support the objective of securing the calibre of executive talent required. The Committee may therefore determine that Executive Directors should receive additional benefits if appropriate, taking into account factors such as relevant market practice, the role and circumstances of the Executive Director and the Company, and the impact of the regulatory environment. Therefore, additional benefits or allowances to support a particular objective may be paid if appropriate in the circumstances. For example, should an executive be required to relocate working location, then relocation, disturbance and expatriate allowances, and tax equalisation may be paid as appropriate. Such allowances may be delivered in cash or shares. Directors will be reimbursed for any reasonable business expenses incurred in the course of their duties, including the tax payable thereon. The Executive Directors are able to participate in HMRC tax-advantaged all-employee share plans on the same terms as other eligible employees.
Maximum opportunity	There is no pre-determined maximum limit. Benefits are set at a level which the Committee determines is reasonable and appropriate and the value may vary depending on the benefit provided and the market cost of the benefit given the individual's personal circumstances. The maximum limit under tax-advantaged all-employee plans are as set by HMRC.
Performance measures	Not Applicable.

Pension

Purpose and link to strategy	To provide pension arrangements comparable with similar companies in the market to enable the recruitment and retention of Executive Directors.
Operation	Executive Directors may participate in a defined contribution scheme and/or receive a cash supplement in lieu of pension.
Maximum opportunity	For Executive Directors, the Company contribution to a pension scheme and/or cash allowance is aligned to the maximum available to members of the Severn Trent Group Personal Pension (the majority of the wider workforce), which is currently 15% of salary.
Performance measures	Not Applicable.

Annual Bonus

Purpose and link to strategy	To encourage improved financial, operational and environmental performance, and to ensure Executive Directors reach their shareholding guidelines through the partial deferral of payment into long-term shares.
Operation	Bonuses are based on performance measured over one financial year. Where an Executive Director has not met their shareholding guideline, 50% of the bonus is paid in cash and 50% in shares which vest after three years, subject to continued employment. Any exercise of discretion by the Committee will be communicated to shareholders in full in the following year's Directors' Remuneration Report. Recovery and dividend equivalent provisions apply (see explanatory notes).
Maximum opportunity	The maximum annual bonus in respect of a financial year is 100% of salary.
Performance measures	The performance measures and targets for the annual bonus are selected annually to align with the business strategy and the key drivers of performance set under the regulatory framework, and may comprise financial, operational, strategic or environmental metrics. The annual weighting between the various metrics may vary depending on the key priorities of the business for the year ahead. Robust and demanding targets are set, taking into account the operating environment and priorities, market expectations and the business plan for the year ahead. For the current financial year, the performance measures are: • Profit Before Interest and Tax ('PBIT') (40%) • Outcome Delivery Incentives ('ODIs') (27%) • Combined Sewer Overflow ('CSO') spills (7.5%) • Advanced CSO enhancements (7.5%) • Customer satisfaction, as measured by repeat contacts (10%) • Health and safety (8%) The Committee retains discretion to use different or additional measures or weightings in future years to ensure that the bonus framework appropriately supports the business strategy and objectives for the relevant year. For threshold performance, 0% of maximum opportunity will normally be paid. For target performance 50% of maximum opportunity will be paid. The Committee retains discretion to change the performance measures, weightings and/or targets during the performance year if there is a significant and material event which causes the Committee to believe the original measures, weightings and targets are no longer appropriate. The Committee may also make adjustments to the amount of bonus earned resulting from the application of the performance measures, if the Committee believes that the bonus outcomes are not a fair and accurate reflection of underlying business performance and stakeholder experience.

LTIP

Purpose and link to strategy	To encourage strong and sustained improvements in financial performance, in line with the Company's strategy and long-term shareholder returns.
Operation	Awards are granted annually under the LTIP and will vest subject to continued employment and, in normal circumstances, performance over a period of three years. Awards may be granted in the form of conditional shares or nil-cost options. A two-year holding period will apply to vested shares following the three-year vesting period. Recovery and dividend equivalent provisions apply (see explanatory notes).
Maximum opportunity	The maximum LTIP award in respect of a financial year is 400% of salary. Award sizes to be granted during 2026 are set out on page 126.
Performance measures	The LTIP will be based on a combination of financial and non-financial measures. Financial measures will normally constitute at least 50% of the LTIP performance measures. The non-financial measures will be made up of a selection of metrics which may include environment, customer and/or communities measures. For the first LTIP awards under this Policy, the following measures will apply: • Return on Regulatory Equity ('RoRE') – 50% • Environmental performance, comprising 20% on carbon reduction and 10% on reduction of Reasons for Not Achieving Good Status ('RNAGS'). • Long-term customer performance through Price Control Deliverables ('PCDs') – 10% • A communities-related performance measure, focused on creating Social Value – 10% Up to 25% of an award may vest for threshold performance. The Committee will review the measures, weightings and targets before each grant to ensure they remain appropriate. Different performance measures, targets and/or weightings may be set for future LTIP awards to reflect the business strategy and regulatory framework operating at that time. The Committee retains discretion to change the performance measures, weightings and/or targets during the performance period, if there is a significant and material event which causes the Committee to believe the original measures, weightings and targets are no longer appropriate. The Committee may make adjustments to the amount earned resulting from the application of the performance measures, if the Committee believes that the LTIP outcomes are not a fair and accurate reflection of business performance.

Directors' Remuneration Policy continued

Share ownership guidelines

Purpose and link to strategy	To encourage strong shareholder alignment both during and after employment with the Company.
Operation	The Company operates shareholding requirements under which Executive Directors are expected to build and maintain a shareholding in the Company. The CEO is expected to build and maintain a holding of shares to the value of 400% of salary, and other Executive Directors 350% of salary. Executive Directors are expected to retain all of the net of tax number of shares they receive through the LTIP and deferred bonus vesting until the shareholding requirements have been met. In addition, a post-employment shareholding requirement applies to Executive Directors who leave the Company. Leavers must maintain their in-employment shareholding requirement (or actual shareholding, if lower) for two years following cessation of employment. The enforcement mechanism for the Post-Employment Shareholding Requirement is facilitated through the Employee Benefit Trust ('EBT'). On LTIP vesting, shares are transferred to the EBT (net of tax and National Insurance liabilities) to be held on behalf of the Executive Directors for two years following cessation of employment. Shares purchased by Executive Directors utilising their own funds are not included in the Post-Employment Shareholding Requirement.
Maximum opportunity	Not Applicable
Performance measures	Not Applicable

Notes to the Policy table

Dividend equivalents

Dividend equivalents may be applied to vesting awards under the deferred bonus and LTIP. Dividend equivalents are based on the dividends that could have been acquired on the vested shares during the vesting period. Awards may be settled in shares or cash.

Recovery provisions

All elements of the incentive framework are subject to malus and clawback provisions, which the Committee may invoke in circumstances which include:

- Financial misstatement
- Errors in calculation
- Misconduct
- Reputational damage
- Regulatory censure
- Corporate failure of the Company
- Failures of risk management, or of operational systems and controls
- Any of the events described in Ofwat's PRP Prohibition Rules

In such circumstances, the Committee has discretion to:

- Require a participant to repay some or all of the cash or shares received under the annual bonus at any time up to the third anniversary of award; and
- Reduce (including down to zero) an LTIP award prior to vesting and/or require, at any time within three years of vesting, a participant to return part or all of the value of the award received.

The timeframe for these recovery provisions reflects the period over which the Company's processes and systems are likely to uncover any of the circumstances listed above.

Selection of performance measures and targets

The Committee selects performance measures for the annual bonus and LTIP which appropriately support the business strategy and objectives for the relevant periods.

Performance targets applying to the annual bonus and LTIP are determined annually by the Committee, and are set at an appropriately stretching level based on a number of internal and external reference points. Annual bonus targets are set by reference to the budget where possible and are agreed by the Board. LTIP targets reflect the Board's long-term plan, prevailing industry and regulatory context, and expectations of what will constitute appropriately challenging long-term performance levels.

The structure of the non-financial measures and targets will vary based on the nature of the target set (e.g. for milestone targets it may not always be practicable to set such targets using a graduated scale and so vesting may take place in full for strategic targets if the criteria are met in full). Full disclosure of targets and the verification process for measures will be disclosed in future Directors' Remuneration Reports.

Discretion

The Committee has discretion in several areas of the Policy. The Committee may also exercise operational and administrative discretions under relevant plan rules approved by shareholders as set out in those rules.

The discretions cover aspects such as the timing of grant and vesting of awards, determining the size of the award (subject to the Policy limits), the treatment of leavers, retrospective adjustment of awards (e.g. for a rights issue, a corporate restructuring or for special dividends) and, in exceptional circumstances, the discretion to adjust previously set targets for an incentive award if events happen which cause the Committee to determine that it would be appropriate to do so. In exercising such discretions, the Committee will take into account generally accepted market practice, best practice guidelines, the provisions of the Listing Rules and the Company's approved Remuneration Policy.

The Committee reserves the right to make any remuneration payments and/or payments for loss of office (including exercising any discretions available to it in connection with such payments), notwithstanding that they are not in line with the Policy where the terms of the payment were agreed (i) before this Policy came into effect, or (ii) at a time when the relevant individual was not a Director of the Company and, in the opinion of the Committee, the payment was not in consideration for the individual becoming a Director of the Company. For these purposes 'payments' includes the Committee satisfying awards of variable remuneration and, in relation to an award over shares, the terms of the payment are 'agreed' at the time the award is granted.

The Committee may make minor amendments to the Policy (for regulatory, exchange control, tax or administrative purposes or to take account of a change in legislation) without obtaining shareholder approval.

External directorships

Executive Directors are permitted to take on external Non-Executive directorships, though normally only one other appointment, to bring a further external perspective to the Group and help in the development of key individuals' experience. In order to avoid any conflicts of interest, all appointments are subject to the approval of the Board, on the recommendation of the Nominations Committee. Executive Directors are permitted to retain the fees arising from such appointments.

Approach to recruitment and promotion

The Company's approach is for the remuneration of any new Executive Director to be assessed in line with the principles applied to the existing Executive Directors. The Committee is mindful that it wishes to avoid paying more than it considers necessary to secure a preferred candidate with the appropriate calibre and experience needed for the role.

Salary, benefits and pension	These will normally be set in line with the Remuneration Policy for existing Executive Directors. The Committee, where appropriate, may set salary levels below the market reference salary at the time of appointment, with the intention of bringing the salary levels in line with the market as the individual gains the relevant experience. In such cases, subsequent increases in salary may be higher than the general rises for employees until the target positioning is achieved.
Annual bonus	Maximum annual participation will be set in line with the Company's Policy for existing Executive Directors and will not exceed 100% of salary.
LTIP	Maximum annual participation will be set in line with the Company's Policy for existing Executive Directors and will not exceed 400% of salary.
Maximum variable remuneration	In addition, the Committee has discretion to include any other remuneration component or award which it feels is appropriate taking into account the specific circumstances of the recruitment, subject to the limit on variable remuneration set out below. The maximum variable remuneration which may be granted is 500% of salary (excluding any buyouts).
'Buyout' of incentives forfeited on cessation of employment	Where an individual forfeits remuneration with a previous employer as a result of appointment to the Company, the Committee may make compensatory payments or awards to facilitate recruitment. In determining an appropriate structure for such awards, the Committee will consider all relevant factors including the form of award, time horizons and any performance conditions of the forfeited remuneration. There is no limit on the value of such compensatory awards, but the Committee's intention is that the value awarded would be no more generous than the broadly equivalent economic value of the forfeited remuneration.
Relocation policies	In instances where the new Executive Director is required to relocate or spend significant time away from his/her normal residence, the Company may provide additional compensation to reflect the cost of relocation for the Executive Director. The level of the relocation package will be assessed on a case-by-case basis but will take into consideration any cost of living differences/housing allowance, disturbance allowances and schooling.
Internal promotions	In the case of an internal appointment, any variable pay element awarded in respect of the prior role may be allowed to pay out according to the terms on which it was originally granted. Otherwise their remuneration would be set applying the principles set out above.

▸ The Company's Policy when setting fees for the appointment of new Non-Executive Directors is to apply the Policy which applies to current Non-Executive Directors, which is set out on page 151.

Service contracts and Letters of Appointment

Executive Directors are appointed on contracts with notice periods of 12 months. The policy on payments for loss of office is set out in the next section and detail on the current contracts is provided on page 143. Copies of the service contracts of the Executive Directors and the Letters of Appointment of the Non-Executive Directors are available for inspection at the Company's registered office during normal business hours.

Directors' Remuneration Policy continued

Policy on payments for loss of office

When determining any loss of office payment for a departing Executive Director, the Remuneration Committee will always seek to minimise the cost to the Group while complying with the contractual terms agreed, and seeking to reflect the circumstances in place at the time.

The remuneration related elements of the current contracts for Executive Directors are shown in the table below, together with details of the treatment on cessation of employment.

Element	Treatment on cessation of employment	
General	The Committee will honour Executive Directors' contractual entitlements. Service contracts do not contain liquidated damages clauses. If a contract is to be terminated, the Committee will determine such mitigation as it considers fair and reasonable in each case. There are no contractual arrangements that would guarantee a pension with limited or no abatement on severance or early retirement. There is no agreement between the Company and its Directors or employees providing for compensation for loss of office or employment that occurs because of a takeover bid. The Committee reserves the right to make additional payments where such payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation); or by way of settlement or compromise of any claim arising in connection with the termination of an Executive Director's office or employment.	
Salary, benefits and pension	These will be paid over the notice period. The Company has discretion to make a lump sum payment in lieu.	
Annual bonus	**Good leaver reason**[(i)] Performance conditions will be measured at the bonus measurement date. Bonus will normally be pro-rated for the period worked during the financial year.	**Other reason** No bonus will be payable for year of cessation.
	Discretion The Committee has the following elements of discretion: • To determine that an Executive Director should be treated as a good leaver and receive a bonus for the year of cessation; it is the Committee's intention to use this discretion only in circumstances where there is an appropriate business case which will be explained in full to shareholders. • To determine whether to pro-rate the bonus for time; the Remuneration Committee's normal policy is to pro-rate for time. It is the Committee's intention only to use discretion not to pro-rate in circumstances where there is an appropriate business case, based on the circumstances of the Executive Director's departure. Use of discretion will be explained in full to shareholders. • The bonus would be paid at the same time as for the other Executive Directors and, if the Executive has left employment by that date, it may be paid solely in cash.	
Annual bonus deferred share awards	**Good leaver reason**[(i)] All subsisting deferred share awards will vest on the original timeline.	**Other reason** All subsisting deferred share awards will vest on cessation with the exception of summary dismissal of the participant, when any deferred share award held by the individual shall lapse immediately on such termination.
	Discretion The Committee has the following elements of discretion: • To determine whether deferred shares should vest at the end of the original deferral period or at the date of cessation; the Committee will make this determination depending on the reason for cessation. • To determine whether to pro-rate the maximum number of shares for time from the date of grant to the date of cessation; the Committee's normal policy is not to pro-rate awards for time. The Committee will determine whether to pro-rate based on the reason for cessation.	
LTIP	**Good leaver reason**[(i)] Subsisting awards continue to be capable of vesting on a pro-rated time and performance basis.	**Other reason** All subsisting awards will lapse on cessation.
	Discretion The Committee has the following elements of discretion: • To determine that an Executive Director should be treated as a good leaver such that LTIP awards continue to be capable of vesting; it is the Committee's intention to use this discretion only in circumstances where there is an appropriate business case which will be explained in full to shareholders. • To allow awards to vest, and to measure, at the date of cessation. The Committee will make this determination depending on the reason for cessation. • To determine whether to pro-rate for time; the Committee's normal policy is to pro-rate awards based on the proportion of the performance period which has elapsed to the date of cessation. In circumstances where there is an appropriate business case based on the circumstances of the Executive Director's departure, the Committee may use discretion and not pro-rate. Use of discretion will be explained in full to shareholders.	

Element	Treatment on cessation of employment
Holding Periods	Where cessation of employment occurs during any holding period, the LTIP award will continue as normal. However, the Committee retains discretion to allow the award to vest when cessation of employment occurs in certain circumstances, such as: • Where the reason for departure is death, disability or ill-health; • Where there are extenuating factors which impact at the time of departure (such as unforeseen changes to personal circumstances); or • Any other reason, permitted by the Committee in its absolute discretion in any particular case, except where termination is for dishonesty, fraud, misconduct or other circumstances justifying summary dismissal (in which cases it is very likely any outstanding LTIP awards would lapse on cessation regardless).

(i) Good leaver reasons include injury, ill-health or disability, redundancy or retirement (in each case, as determined by the Committee) and death. The Committee also retains an overall discretion to determine that an individual be treated as a good leaver.

Outplacement services and reimbursement of legal costs may be provided where appropriate. Any statutory entitlements or sums to settle or compromise claims in connection with a termination would be paid as necessary. Outstanding savings/awards under the SAYE and the legacy Share Incentive Plan would be transferred in accordance with the terms of the plans as approved by HMRC.

Policy on change of control

The change of control provisions applying to incentive awards are set out in the relevant plan rules and are summarised below.

Element	Operation	Discretion
Annual bonus	Pro-rated for time and performance to the date of the change of control.	The Committee has discretion regarding whether to pro-rate the bonus for time; the Committee's normal policy is that it will pro-rate the bonus for time. In circumstances where there is an appropriate business case, the Committee may use discretion and not pro-rate. Use of discretion will be explained in full to shareholders.
Annual bonus deferred share awards	Subsisting deferred share awards will vest on a change of control.	The Committee has discretion regarding whether to pro-rate the awards for time; the Committee's normal policy is that it will not pro-rate awards for time. The Committee will make this determination depending on the circumstances of the change of control.
LTIP	Subsisting LTIP awards will vest on a change of control, pro-rated for time and performance. The holding period will not apply on change of control.	The Committee has discretion regarding whether to pro-rate the LTIP awards for time; the Committee's normal policy is that it will pro-rate the LTIP awards for time. In circumstances where there is an appropriate business case, the Committee may use discretion and not pro-rate. Use of discretion will be explained in full to shareholders.

Chair and Non-Executive Directors

The Remuneration Policy for Non-Executive Directors, other than the Chair, is determined by the Chair and Executive Directors. The fee for the Chair is determined by the Remuneration Committee (without the Chair present). No changes to the 2024 Policy are proposed.

Non-Executive Directors

Purpose and link to strategy	To recruit and retain Non-Executive Directors of a suitable calibre for the role and duties required.
Operation	The fees for the Non-Executive Directors (excluding the Chair) are determined by the Board. The fees for the Chair are determined by the Committee. The fee for Non-Executive Directors encompasses a basic fee and may also include supplementary fees for other Board duties, including the role of Senior Independent Director and for chairing the Board Committees. The Chair receives a single fee in respect of all Board duties. Fees are paid monthly. Fees are currently paid in cash, but the Chair and/or Non-Executive Directors may receive part of their fee(s) in company shares. Directors will be reimbursed for any reasonable business expenses incurred in the course of their duties, including the tax payable thereon. The fees for the Non-Executive Directors and Chair are set taking into account the time commitment of the role and market rates in comparable companies. The fees are normally reviewed annually (but not necessarily increased), effective from 1 July. In exceptional circumstances, fees may also be paid for additional time spent on the Company's business outside of normal duties. Non-Executive Directors do not participate in any variable remuneration or receive any other benefits.
Maximum opportunity	Details of the current fee levels for the Non-Executive Directors are set out on page 142. The fee levels are set subject to the maximum limits set out in the Company's Articles of Association.

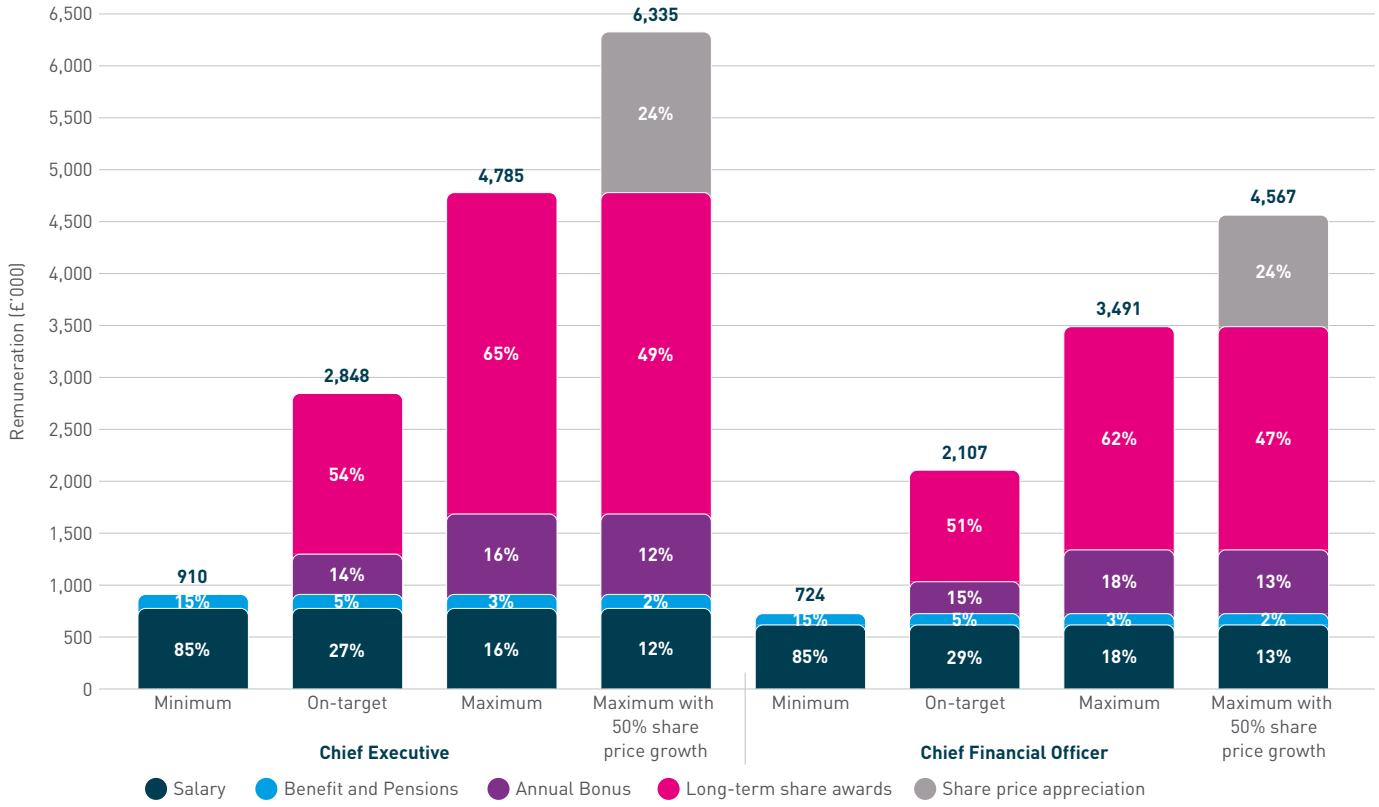
Non-Executive Directors normally serve terms of three years. They do not have service contracts. Instead, Non-Executive Directors are engaged by Letters of Appointment which are terminable by either party with no notice period and no compensation in the event of such termination, other than accrued fees and expenses. All directors are subject to annual appointment or reappointment at the AGM.

Directors' Remuneration Policy continued

Application of the Remuneration Policy

The charts below provide an illustration of what could be received by each of the Executive Directors under the new Remuneration Policy in respect of the 2026/27 package. These charts are illustrative, as the actual value will depend on business performance in the year 2026/27 (for the annual bonus) and in the three-year period to 2028/29 (for the LTIP), as well as share price performance to the date of the vesting of LTIP awards in 2029.

The maximum scenario also includes an additional bar which shows the impact of 50% share price growth on the LTIP outcome over the relevant performance period to show how the package value is aligned to shareholders. It is a key part of our Remuneration Policy to align interests of the Executive Directors and shareholders through the provision of a substantial element of remuneration in shares. Increases in the value of remuneration through an increase in share price are evidence of the direct link between the interests of the two.



Note: Minimum pay is fixed pay only (i.e. salary + benefits + pension). On-target pay includes fixed pay, 50% of the maximum bonus (equal to 50% of salary for both the CEO and the CFO) and 50% vesting of the LTIP awards (with grant levels of 400% of salary for the CEO and 350% of salary for the CFO). Maximum pay includes fixed pay and assumes 100% vesting of both the annual bonus and the LTIP awards. Salary levels (which are the base on which other elements of the package are calculated) are based on those applying at 1 July 2026. The value of taxable benefits is the cost of providing those benefits in the year ended 31 March 2026 on an annualised basis. The Executive Directors are also permitted to participate in HMRC tax advantaged all-employee share plans, on the same terms as other eligible employees, but they have been excluded from the above graph for simplicity.

Linkage to all-employee pay

The Committee reviews changes in remuneration arrangements in the workforce generally as we recognise that all employees play an important role in the success of the Company. Severn Trent is committed to creating an inclusive working environment and to rewarding employees throughout the organisation in a fair and transparent manner. When making decisions on executive pay, the Committee considers wider workforce remuneration and conditions to ensure that they are aligned on an ongoing basis. In particular, the Committee considers wider workforce salary increases when determining those for Executive Directors. We believe that employees throughout the Company should be able to share in the success of the Company. Therefore, the annual bonus scheme is cascaded throughout the organisation and all employees may participate in the HMRC tax advantaged Save As You Earn ('SAYE') scheme.

As part of our commitment to fairness, the 'Company Remuneration at Severn Trent' section on page 131 sets out the steps we take to make sure that our pay and reward framework below Executives and Senior Management, is transparent in a way that is meaningful and useful. This section also includes more information on our wider workforce pay conditions, our gender and ethnicity pay statistics and our CEO pay ratio disclosure.

Although the Committee takes into account the pay and conditions of other employees, the Company did not consult with employees when developing the Policy. There are however a number of different mechanisms in place to gather feedback from employees, including on remuneration. Relevant feedback is presented to the Board to help to inform decision-making.

Consideration of shareholder views

The views of the Company's shareholders are very important and the Committee welcomes constructive feedback with respect to the remuneration policies or structure. In developing this Policy, the Committee Chair engaged extensively with major shareholders outlining proposals and the rationale for these. Feedback received was taken on board when finalising the Policy.

Directors' Report

The Directors of Severn Trent Plc present their Annual Report together with the audited consolidated financial statements for the year ended 31 March 2026. The Directors' Report, prepared in accordance with the requirements of the Companies Act 2006 and the UK Listing Rules ('UKLR'), and Disclosure and Transparency Rules, comprises the Governance Report (pages 88 to 156), the Directors' Report (pages 153 to 155) and the Shareholder Information section at the back 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 87, as the Board considers them to be of strategic importance.

Specifically, these are:

- the Performance Review on pages 12 to 13, which provides detailed information relating to the Group, its business model and strategy, operation of its businesses and the results and financial position for the year ended 31 March 2026;
- 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 1 to 87;
- information on the Group's greenhouse gas ('GHG') emissions and energy consumption for the year ended 31 March 2026 on pages 52 to 53;
- how we have engaged with our people and stakeholders on pages 79 to 83; and
- business relationships (throughout the Strategic Report).

Board

Directors and their interests

Biographies of the Directors currently serving on the Board, or who have served on the Board during 2025/26, are set out on pages 98 to 99. As set out in the Notice of Meeting, all Directors will retire at this year's Annual General Meeting ('AGM') and submit themselves for reappointment or, in the case of James Jesic, 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 103 to 104.

Details of Directors' service contracts are set out in the Directors' Remuneration Report on pages 118 to 145. The interests of the Directors in the shares of the Company are also shown on page 141 of that report.

Conflicts of interest

Directors have a statutory duty to avoid situations in which they have, or may have, interests that conflict with those of Severn Trent Plc. The Company has in place procedures for managing conflicts of interest. The Articles of Association (the 'Articles') also contain provisions to allow the Board to authorise potential conflicts of interest so that a Director is not in breach of his or her duty under company law. Should a Director become aware that he or she has an interest, directly or indirectly, in an existing or proposed transaction with Severn Trent Plc, he or she must notify the Board in accordance with the Articles and statute. Directors have a continuing duty to update any changes to their interests.

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, 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.

Business relationships

Pages 79 to 83 and 87 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 and are therefore incorporated into the Directors' Report by cross reference.

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.

We are an equal opportunities employer and welcome applications from all individuals.

All of our training, promotion and career development processes are in place for all of 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.

The Company is committed to being an inclusive employer and to supporting disabled people to participate fully and fairly in employment. During the financial year, the Company applied policies and practices designed to ensure equal opportunity, retention, and progression for disabled employees.

(a) Recruitment and selection

The Company gives full and fair consideration to applications for employment from disabled persons, having regard to their individual aptitudes and abilities. Recruitment processes are designed to be inclusive, and applicants are encouraged to request reasonable adjustments at any stage of the recruitment process. Selection decisions are based on objective role requirements, and managers are supported to ensure that disabled candidates are assessed fairly and without disadvantage.

(b) Retention, support and training when an employee becomes disabled

Where an employee becomes disabled during their employment, the Company aims to support the continuation of their employment wherever practicable. This includes access to a comprehensive Occupational Health service to assess individual needs and provide professional advice to support employees and managers. Reasonable adjustments are considered and implemented where appropriate, including adjustments to duties, working arrangements, equipment, or the working environment. The Company operates a Workplace Adjustment Passport to capture agreed adjustments and ensure continuity of support where roles or managers change. Employees are also supported to access appropriate training to enable them to continue effectively in their role or, where necessary, to transition to an alternative suitable role.

Directors' Report continued

(c) Training, career development and promotion

Disabled employees are supported to access training, career development and promotion opportunities on an equal basis with other employees. Learning and development programmes are designed to be inclusive, and reasonable adjustments are available to support participation. The Company promotes a culture where employees feel confident to discuss support needs and request adjustments, helping to remove barriers to progression and enabling disabled employees to develop and progress their careers.

Additional information on our diversity aims and progress can be found on pages 20, 81 and 103.

Employee engagement

Due to our commitment to transparent and best practice reporting, we have included the sections on our people on pages 19 to 23 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 81 and 85 demonstrate how 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 also encourages 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. Almost 70% of Severn Trent's employees now participate in Sharesave, including many colleagues saving the maximum of £500 per month.

Contributions for political 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.

Relevant audit information

In the case of each Director in office at the date the Directors' Report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Group's and Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group's and Company's auditors are aware of that information.

Shares

Dividends

An interim dividend of 50.40 pence per ordinary share was paid on 12 January 2026. The Directors recommend a final dividend of 75.62 pence per ordinary share to be paid on 15 July 2026 to shareholders on the register of members on 29 May 2026. This would bring the total dividend for 2025/26 to 126.02 pence per ordinary share (2024/25: 121.71 pence). The payment of the final dividend is subject to shareholder approval at the 2026 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 91.

Dividend Policy

In January 2025, the Board approved our Dividend Policy for the period 2025-2030. With effect from 1 April 2025, 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 32 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 39 to the financial statements. No person has any special rights of control over the Company's share capital and all issued shares are fully paid.

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.

With regard to the appointment and resignation of Directors, the Company is governed by its Articles, the Code, 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.

Authority to allot shares

Under the Articles, the Directors have authority to allot ordinary shares, subject to the aggregate nominal amount limit set at the 2025 AGM. At the AGM held on 10 July 2025, shareholders granted the Directors authority, in accordance with section 551 of the Companies Act 2006, to allot ordinary shares in the capital of the Company and to grant rights to subscribe for, or to convert any security into, ordinary shares. This authority permits the Directors to allot ordinary shares up to an aggregate nominal value of £98,117,660. Authority will again be sought by shareholders at this year's AGM to allot up to an aggregate nominal value of £98,456,779.

Authority to purchase shares

The Company was given authority at its AGM in 2025 to make market purchases of ordinary shares up to a maximum number of 30,068,315 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 30,172,238 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.

Employee Benefit Trust
For shares held by the Severn Trent Employee Share Ownership Trust, the Trustee abstains from voting.

Substantial shareholdings
The following disclosure is based on notifications received by the Company in accordance with the Disclosure Guidance and Transparency Rules and information provided by shareholders directly to the Company. As at 31 March 2026, the Company had received the following disclosures of interests representing 3% or more of the Company's voting rights.

Name of Holder	Number of Ordinary shares	Voting rights held (%)
Qatar Holding LLC	34,855,379	11.58
ClearBridge Group	10,476,600	3.48
Legal & General Investment Management	10,455,376	3.47
Atlas Infrastructure	10,454,899	3.47
Vanguard Group	8,272,535	2.75

As at 19 May 2026, the Company had received no disclosures of interests representing 3% or more of the Company's voting rights. The percentage of voting rights detailed above was calculated at the time the relevant disclosures were made, in accordance with DTR 5.

Annual General Meeting
A copy of the Notice of Meeting for the 2026 AGM can be found on the Severn Trent Plc website.

Other
Disclosures required under Listing Rule 6.6.4R
The information required to be disclosed under UKLR 6.6.1R 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 180
(3)	Details of long-term incentive schemes	Pages 138 to 140
(2), (4) – (13)	Not applicable	Not applicable

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 ventures, associated and subsidiary undertakings of the Group as at 31 March 2026 are shown in note 47 of the financial statements.

Areas of operation
During the course of 2025/26, the Group had activities and operations in the UK.

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 £5 million.

Internal controls
Details of our internal control framework can be found in the Audit and Risk Committee Report on pages 108 to 112.

Treasury management
Details on our Treasury Policy and treasury management are set out in the Chief Financial Officer's Review on pages 57 to 63.

Post balance sheet events
Details of post balance sheet events are set out in note 44 to the financial statements.

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 85. For the payment practices reporting period ended 31 March 2026, the average time to pay for Severn Trent Water Limited was 40 days.

Carbon footprint
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 Task Force on Climate-related Financial Disclosures and Taskforce on Nature-related Financial Disclosures on pages 30 to 52 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 and Hafren Dyfrdwy
Separate Annual Reports for each of Severn Trent Water Limited and Hafren Dyfrdwy Cyfyngedig will be made available on their respective websites in due course. Additionally, Annual Performance Reports for each of Severn Trent Water and Hafren Dyfrdwy are prepared and provided to Ofwat. Copies will be made available on their respective websites in due course.

By order of the Board



Didar Dhillon
Group General Counsel and Company Secretary
19 May 2026

Directors' Responsibility Statement

The Directors are responsible for preparing the Annual Report and Accounts 2025/26 in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have prepared the Group financial statements in accordance with UK-adopted international accounting standards and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company, and of the profit or loss of the Group for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 101 have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgments and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006.

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

Directors' confirmations

The Directors consider that the Annual Report and Accounts 2025/26, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's and Company's position and performance, business model and strategy.

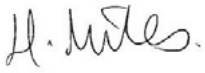
Each of the Directors, whose names and functions are listed in the Governance Report, confirm that, to the best of their knowledge:

- the Group financial statements, which have been prepared in accordance with UK-adopted international accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the Group;
- the Company financial statements, which have been prepared in accordance with United Kingdom Accounting Standards, comprising FRS 101, give a true and fair view of the assets, liabilities and financial position of the Company; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that it faces.

This responsibility statement was approved by the Board of Directors on 19 May 2026 and is signed on its behalf by order of the Board:



James Jesic
Chief Executive
19 May 2026



Helen Miles
Chief Financial Officer
19 May 2026