

PERFORMANCE DRIVEN, SUSTAINABILITY LED

Severn Trent PLC
Sustainability Report 2023

SEVERN
TRENT

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INTRODUCTION FROM OUR **CEO**



I'm delighted to introduce our fourth Sustainability Report. With each passing year, our Purpose, 'taking care of one of life's essentials', grows in importance.

In parallel, the thirst grows for information and data about the progress we are making on our journey. This highlights how vitally important the topic of sustainability is to our stakeholders and also how integral it is to the way we run our business for the long term.

There has never been a greater sense of urgency to deliver environmental and societal change across the globe. With the direction of our sustainability objectives in place, the past year has been about the maturity of our approach, focused more on delivery rather than establishment of new commitments. I'm proud of the progress we have made on some of our most material challenges and opportunities. I believe that it is diligent delivery in these areas of materiality that will ultimately set us apart from those that 'talk the talk' and firmly place us with those that 'walk the walk'. River Health, Net Zero and Customer Affordability were our three most challenging areas this year, and leaning into them has laid the foundation for long-term progress.

Our Get River Positive river pledges

A year ago, we took the decision to lead on the sector's response to river health. Alongside Anglian Water, we set ourselves five ambitions that stretched beyond Government regulations and committed us to an accelerated programme of activity to address our impact on river health while helping other sectors address theirs. One year on and I'm pleased to say after considerable investment, we have made significant progress in reducing the average annual number of storm overflow activations from 25 in 2021 to 18 in 2022 and reducing Reasons for Not Achieving Good Status ('RNAGs'), while recruiting an independent panel of experts to oversee our progress. Read more on page 20.

Net Zero

We are regarded in the sector as the leading company on our progress towards operational net zero. Our commitment to have net zero operational emissions by 2030 drives us on a daily basis to measure diligently, innovate quickly and invest smartly. We have further expanded our industry-leading monitoring programme of our process emissions to representative sites, responsible for 42% of our emissions. This is the second year we are reporting our process emissions based on our own measured data rather than a broad emissions factor estimate. By moving away from calculations to measurements, this work has led to the valuable insight required for us to design and invest in the world's first net zero waste water treatment hub, which will be completed by 2024, supported by the largest single investment from Ofwat's Innovation Fund of £10 million. Once complete, this will set the footprint for us to deploy technologies at scale

Liv Garfield
Severn Trent CEO

INTRODUCTION FROM OUR CEO CONTINUED



across our estate, setting a clear path to operational net zero and allowing us to share our approach with others. This includes our international water partners in both Denmark (Arhus Vand) and Australia (Melbourne Water).

Customer affordability

The economic impact of the last year has significantly affected people's lives, including our own customers. During difficult times, we are proud that our water bill is one of the lowest in the UK, and significantly less than other utilities. Despite this, we recognise, for some customers, paying their bill remains a challenge. This is why in May 2022 we announced a package of financial support worth £30 million to help those customers most in need. This will take the total number of customers we support with their bills to 315,000, the biggest by any company in the sector, ever.

Beyond these material issues, we also launched our longer-term Societal Strategy this year with the ambition to help 100,000 people out of water poverty by 2032. We believe we have a role to play

in addressing the root cause, through understanding and addressing some of the underlying causes of poverty in our region. By taking a hyper-local view of the areas most in need, we believe we can make a more meaningful and long-term impact for our communities. This includes taking our expertise into the heart of those communities, acting as a trusted convenor to connect the dots on what is necessary to get people into jobs in the first instance and then into higher-paid, better-skilled careers thereafter. As part of our approach, we have committed 10,000 hours of free employability training for those who need it, as well as offering 300 work experience placements this year, rising to 500 a year from 2030. We are also making deeper connections with organisations that support sections of society who can often be left behind. For example, our newly formed partnership with Trailblazers will see our people mentoring individuals in the run-up to leaving prison and in the crucial period when they are re-establishing themselves into society – the most crucial time in reducing re-offending rates. We are under no illusion this is complicated and long-term work, but firmly believe it is the right thing to do.

Enhancing Nature

I was heartened by the commitment made by 196 nations to the Kunming-Montreal Global Biodiversity Framework agreed at COP15 in 2022, including a pledge to restore 30% of degraded nature, and conserve 30% of our lands and seas. In 2020, we set an ambition to improve 5,000 hectares of land by 2027, which equates to 1% of the UK's total target. I'm delighted that we have exceeded our original ambition, four years early, by delivering 7,727 hectares of biodiversity improvement and planting 694,144 trees since 2020. In the process, we created 72 tiny forests in urban areas of our region as part of our partnership with the Commonwealth Games. Nature is critical to the future of our natural ecosystems, and we are determined to do more; we have now committed to doubling our target to 10,000 hectares by 2025, which means our work will account for 2% of the UK's Nature Recovery Network target.

The Power of Collaboration

One final reflection on the last year, partly linked to the amazing Commonwealth Games that inspired our region last summer, is the power of collaboration. The Games proved what is possible when organisations and communities come together with a common purpose. Like the Games, we're clear that many of the issues we face as a business are bigger than any one organisation can fully address. All of the examples I have given have been made possible by setting a clear ambition, but also by acting as a convenor of others. Showing curiosity is one of our core Values and this year more than any other, it is this Value that has set us on the right path.

Liv Garfield
Severn Trent CEO



There has never been a greater sense of urgency to deliver environmental and societal change across the globe. With the direction of our sustainability objectives broadly in place ... **I am proud of the progress we have made on some of our most material challenges and opportunities.**



COMMONWEALTH GAMES PARTNERSHIP



We were proud to be the Official Nature and Carbon Neutral Partner of the 2022 Commonwealth Games, hosted in Birmingham.

As the largest multi-sport event ever held in the city, with more than 1.5 million tickets sold over 12 days, the Commonwealth Games offered a brilliant opportunity to connect with our customers and communities in a celebration of our region.

Through this partnership, we were able to provide operational support, share knowledge, and build a sustainable legacy that will continue to serve the people of our region well into the future. The case studies throughout this report allow us, and others, to reflect on the success partnerships can bring.

BEING A
COMPANY YOU
CAN **TRUST**



1st

Commonwealth Games to strive to create a carbon neutral legacy

2,022

acres of Commonwealth Legacy Forests committed to sequester residual emissions

TAKING CARE
OF THE
ENVIRONMENT



72

Tiny Forests planted across the region

490,000

single use plastic bottles avoided through the use of our water refill stations

HELPING
PEOPLE TO
THRIVE



337

employees involved in tree planting days

682

employees that volunteered at water refill bars

Throughout this report, you'll find case studies that highlight how we delivered this partnership across our sustainability pillars:



Being a company you can trust:

Building trust with partners to deliver a sustainable event. See page 15.



Taking care of the environment:

Creating an environmental legacy for the Commonwealth Games. See page 23.



Helping people to thrive:

Sharing our learnings from the Games to improve the skills and capabilities of our region. See pages 40 and 46.



Commonwealth Games

Look out for this icon throughout the report for more of our case studies from the Commonwealth Games.

2023 AT A GLANCE

BEING A COMPANY YOU CAN **TRUST**

GOVERNANCE

To be a company you can trust, we must keep our promises, be honest about our progress and report transparently



30%

of the all-employee
Annual Bonus
Scheme linked
to sustainability
(from 2023/2024)

58th

in Corporate
Knights 2023
Global 100 most
sustainable
companies



TAKING CARE OF THE **ENVIRONMENT**

ENVIRONMENT

In caring for the environment, we have delivered a number of important initiatives this year



Invested

£320m

in environmental
sustainability

Exceeded our
biodiversity
improvement target
four years early

7,727 ha
delivered



HELPING **PEOPLE** TO THRIVE

SOCIAL

Being proactive about how we support people in our regions has never been more important



£30m

financial package to
support vulnerable
customers with their
water bill

Launched our
Societal Strategy
to improve the life
chances of

100,000
people at risk of
water poverty



OUR APPROACH



Tom Delay
Chair of the
Corporate
Sustainability
Committee

As chair of the Severn Trent Corporate Sustainability Committee, I'm proud of the progress, impact and transparency shown in our fourth Sustainability Report.

Sustainability is not a new or separate direction for us, but something that's always been central to our business. Acting in a responsible manner is integral to our Purpose of 'taking care of one of life's essentials' and is palpable at all levels throughout the Company. Our Sustainability Framework seeks to draw together our environmental, social and governance ('ESG') ambitions into a coherent approach that is understood and acted upon each and every day. To ensure we 'walk the walk', performance against the Sustainability Framework is reported on a quarterly basis to the Committee, in our Annual Report and Accounts, on our website and through selected ESG indices.

The turbulence of the last year has led to many of the long-term challenges around sustainability being accelerated. Water scarcity, drought, extreme heat and rainfall intensity have brought to the fore the real-life impact behind climate science and have tested our resilience. Equally, supply and price volatility across multiple commodities, caused by geopolitical unrest, has created far-reaching cost pressures for businesses and consumers alike, which has a human impact that we must address.

While the evidence continues to build that systemic change is needed to address these issues that the world is facing, there are divided opinions on how change should happen and who should deliver it. Severn Trent continues to take a pragmatic approach, maintaining a balance between the needs of our stakeholders, the drive for sustainable change and the needs of the communities we serve.

It is also important that our approach to sustainability is adequately reflected in the Group's remuneration policies, ensuring the needs of stakeholders with interests in service delivery, society and the environment are all recognised. Changes to the all-employee annual bonus for measures and targets linked to river health mean that 30% of the annual bonus is now linked to measures related specifically to environment and river health. We have also refreshed the net zero metrics in our Long-Term Incentive Plan ('LTIP') for senior management to reflect the next stage of our evolution towards a low-carbon future.

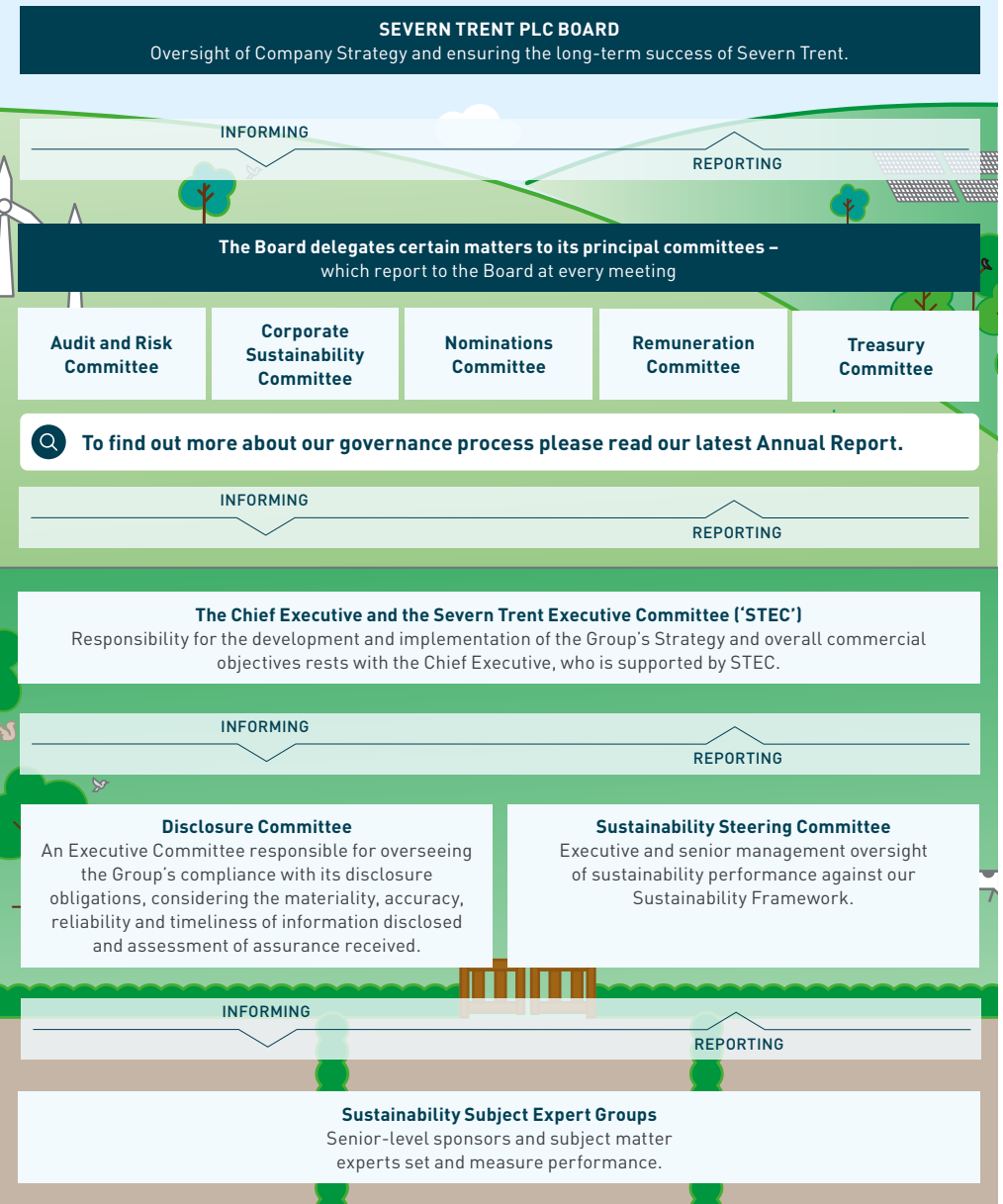
We are proud that activity from many areas of our framework continues to be recognised externally, including our affordability approach, which won 'ESG initiative of the year' at the Corporate Governance Institute awards 2022 and being placed in the world's top 100 most Sustainable Companies by Corporate Knights. In August 2022, we also received the 'Advancing' tier of the Carbon Trust's new Route to Net Zero Standard, demonstrating our ongoing commitment to a credible journey plan.

As I look forward to the coming year, I'm excited to see the genuine impact our approach can have in the communities we serve and the environment that surrounds us.



There are additional details in the corporate sustainability committee report found in the Annual Report and Accounts.

A strong governance framework



OUR APPROACH CONTINUED

As a purpose-led organisation, we strive to do business the right way – ‘taking care of one of life’s essentials’ for the long term.

Our Sustainability Framework draws together our environmental, social and governance ambitions, helping us articulate how we deliver our Purpose and align our actions to key priorities.

From planning and strategy stages through to implementation and assessment, governance is key in delivering on the ambitious goals set in our Sustainability Framework. We continue to push our targets and improve our measurement capabilities to deliver more robust results, drive accountability and inform our roadmap moving forward.

OUR STRATEGY: PERFORMANCE DRIVEN, SUSTAINABILITY LED



Our Strategy is built on the fundamental belief that the right long-term balance between people, planet and profit helps us achieve the financial and operational performance that our stakeholders expect. No single issue or stakeholder is at the heart of our business – we succeed in reaching our ambitious goals by striking the right balance between all four strategic pillars. Further details of our Strategy can be found in our Annual Report.



[Download our Annual Report to read more](#)

SUSTAINABILITY FRAMEWORK

BEING A COMPANY YOU CAN **TRUST**



Living our Values



Balancing the interests of all our stakeholders



Running our Company for the long term



Being open about what we do and sharing what we know

TAKING CARE OF THE **ENVIRONMENT**



Enhancing our natural environment



Mitigating and adapting to climate change



Ensuring a sustainable water cycle



Making the most of our resources

HELPING **PEOPLE** TO THRIVE



Making a positive difference in the community



Delivering an affordable service for everyone



Investing in skills and knowledge



Providing a fair, inclusive and safe place to work

OUR APPROACH CONTINUED

With so many challenges facing our sector and humanity, it is more important than ever for us to focus our efforts on the issues that are most material to our business and our stakeholders.

By setting ambitious targets, laying out our action plans, and improving our data collection standards, we can remain accountable to our stakeholders and report accurately and transparently on our progress.

Find out more about how we identified our most material issues here.



[Download to read more](#)

SUSTAINABLE DEVELOPMENT GOALS

The United Nations Sustainable Development Goals ('SDGs') align governments and businesses around the world to work towards common sustainability targets. To ensure that the actions we take as a business serve not only our region but also the global agenda for sustainability, we incorporated SDGs into our materiality assessment. To find out more, please go to our ESG data book.

[Find out more in our ESG data book.](#)

MAKING PROGRESS ON OUR MATERIAL ISSUES



RIVER HEALTH

Accelerating delivery of targets set out in our Get River Positive river pledges to protect and restore our waterways

[See page 20](#)



ENHANCING NATURE

Continuing successful biodiversity, restoration, and farmer outreach programmes, and launching new partnerships

[See page 21](#)



CARBON AND CLIMATE CHANGE

Improving our data science and collection capabilities, and piloting innovations and technologies at our Net Zero Hub

[See page 23](#)



WATER RESOURCES FOR THE FUTURE

Continuing to work in partnership with nature, creating and implementing plans for water management and drought response

[See page 31](#)



AFFORDABILITY AND ACCESSIBILITY

Supporting those in immediate need, while also helping those at risk to avoid water poverty in the future

[See page 37](#)

WE ACT RESPONSIBLY

We're proud of the steps we've taken to embed sustainability at the core of our business and ensure we follow governance best practice.

To be transparent with our disclosures, we have published our second ESG data book which this year also includes our relevant GRI, SASB, SDGs and Principal Adverse Impact ('PAI') data points



Sustainalytics

Sustainalytics have given us a low risk rating score of 14.9, placing us in the top 4% of utilities.



FTSE4Good

FTSE4Good

We remain part of the FTSE4Good Index, demonstrating our strong environmental, social and governance performance.



Green Economy Mark

Awarded the London Stock Exchange Green Economy Mark.



FTSE Women Leaders Review

In 2023, we were recognised as a Top 3 FTSE100 company for representation of women on the Board.



MSCI

We've maintained our AA rating from MSCI since February 2022 (Scale AAA to CCC), which keeps our 'leader' status within the utilities industry.



Social Mobility Employer Index

We ranked 5th, out of 149 entries, on the Social Mobility Employer Index, the highest of any utility.



CDP

In 2022, we received a CDP A- rating and were recognised as a Supplier Engagement Leader.



ISS ESG

We received a B+ 'Prime status' for our assessment that took place on August 2022, placing us in the top 3 for Water and Waste Utilities.



Tortoise

Ranked 14th in Tortoise Responsibility100 Index, which ranks FTSE100 companies' social, environmental and business ethics.



Fair Tax Mark

Awarded the Fair Tax Mark for managing our tax conduct responsibly and transparently.



Bloomberg Gender-Equality Index

We're proud to have been included in the 2023 Bloomberg Gender-Equality Index.



CIPS Procurement Excellence Standard Accreditation

The first English (Severn Trent Water) and Welsh (Hafren Dyfrdwy) regulated water companies to be awarded the CIPS Procurement Excellence Standard Accreditation.



BEING A COMPANY YOU CAN TRUST

Overview

As a performance driven and sustainability led organisation, we balance the needs of our stakeholders as we continue building our business for the long term. Our Values come to life in everything we do, and our ambitious commitments are underpinned by strong governance and transparency.

Investing in our future

58th in Corporate Knights 2023 Global
100 most sustainable companies

£923 million invested in
sustainability since April 2020

Launched our Net Zero hub

PRIORITIES AND PERFORMANCE

Progress key

● on target

● in progress

● achieved

○ off track

LIVING OUR VALUES



Our Values guide everything we do and underpin all our commitments

GOAL

Invest £1.2 billion in sustainability

PROGRESS

£923 million invested



GOAL

Plant 2,022 acres of Commonwealth Games legacy forests

PROGRESS

450 acres planted



BALANCING THE INTERESTS OF ALL OUR STAKEHOLDERS



Our long-term sustainable objectives must consider the perspectives of all stakeholders in order to be successful

GOAL

100% of suppliers signed up to our Sustainable Supply Chain Charter

PROGRESS

100% signed up



GOAL

48 Farming for Water catchment schemes completed by 2025

PROGRESS

23 catchment schemes completed



RUNNING OUR COMPANY FOR THE LONG TERM



This is the essence of what sustainability stands for and determines our purpose-led ethos

GOAL

95% of employees to complete their Modern Slavery e-learning

PROGRESS

99% completion rate



GOAL

£5.2 million carbon tax collected across the business

PROGRESS

£5.2 million collected



BEING OPEN ABOUT WHAT WE DO AND SHARING WHAT WE KNOW



This is crucial in achieving trust and laying the foundations for transparency and collaboration

GOAL

Conduct 250 full Biodiversity audits on our land

PROGRESS

131 Biodiversity audits conducted



GOAL

100% Treatment works compliance

PROGRESS

99.3% compliance



GOVERNING OUR APPROACH TO SUSTAINABILITY

At Severn Trent, we are committed to 'walk the walk' and back up our commitments with strategic plans and measurable outcomes.

Our approach to sustainability is focused on impact, built on the stable foundations of our core values. Our commitment to exceptional corporate governance standards underpin the confident delivery of everything we do.

The sector has faced significant public criticism over the last few years, which has degraded trust. We want our stakeholders to hold us to account and therefore need to ensure that they have appropriate access to the facts on a range of topics so they can form a balanced opinion. A good example of this is our Get River Positive river pledges, which were developed through listening to our customers, local communities and campaign groups, who told us how important river health is to them. The Board shares their passion that our region's rivers

should be the healthiest they can be, and we therefore developed our river pledges aimed at protecting and revitalising rivers in our region. I am pleased that our commitment to Get River Positive has now been embraced by others, driving improvements across the sector. You can read about our progress against each of our five river pledges on page 20 and in our dedicated Get River Positive Annual Report, which is published on our website.

Our Governance Strategy ensures that sustainability is supported and embedded in the way we do business:



1

Living **our Values**

2

Balancing the interests of **our stakeholders**

3

Running our company **for the long term**

4

Being open about what we do and **sharing what we know**

GOVERNING OUR APPROACH TO SUSTAINABILITY CONTINUED

We continue to invest in the expansion of our governance and sustainability leadership.

We have specialists and analysts placed throughout the business covering a range of sustainability themes including net zero, water scarcity, biodiversity, affordability and diversity, inclusion and equity. These leaders are mandated to shape the business from the inside to meet our most material issues and translate our ambitions into actions. We also incentivise our people on sustainability with 30% of the all-employee Annual Bonus Scheme linked to sustainability from 2023/24.

The appointment of Sarah Legg as a Non-Executive Director during the year has also bolstered our Board-level expertise in sustainability, see our Annual Report for more information.

Our Governance Strategy ensures that sustainability is supported and embedded in the way we do business:

Read more in our reporting suite

- 📖 **Severn Trent Plc Annual Report and Accounts**
- 📖 **Caring for our Environment**
- 📖 **Climate Change Adaptation Report**
- 📖 **Carbon Disclosure Project**
- 📖 **Biodiversity Strategy and Action Plan**
- 📖 **Our Approach to Championing Pollinators**
- 📖 **Protecting and Enhancing Sites of Special Scientific Interest**
- 📖 **Task Force on Climate-related Financial Disclosures**
- 📖 **Community Fund Annual Review**
- 📖 **Gender and Ethnicity Pay Gap Report**
- 📖 **Tax Contribution Report**
- 📖 **Get River Positive Annual Report**

1

Living our Values

Our Values guide everything we do, underpinning all of the commitments, plans and progress detailed in this report. We strive to **have courage** and commit time and resources to actions that make a real difference, such as our industry-leading Get River Positive river pledges. We **embrace curiosity**, whether the topic is carbon emissions or community outreach. To **show care** for our people and our communities, we have launched our Societal Strategy which brings together our affordability programmes and training capabilities to improve life chances for people in our region. We **take pride** in being part of and providing an essential service to our region. In partnering with the Commonwealth Games, we were able to build a legacy for our region through the creation of forests, infrastructure and educational programmes, which will benefit the communities we serve for generations to come.

Our Values are integral in how we assess employee performance each year and how we recruit new talent into the organisation. How our people feel about how well we perform against our Values is assessed through our own internal engagement survey, QUEST, each year.

2

Balancing the interests of our stakeholders

As a purpose-led organisation, we are focused on driving long-term sustainable performance for the benefit of our customers, communities, employees, investors and wider stakeholders. We take great care to understand the different perspectives of our stakeholders through customer interactions, formal customer challenge groups and surveys through our online 'TapChat' community, frequent dialogue with our regulators and multiple one to one meetings with both equity and debt investors.

This allows us to engage in healthy discussion and take decisions that balance multiple needs towards positive outcomes.

We want our stakeholders to hold us to account and therefore need to ensure that they have appropriate access to the facts on a range of topics so they can form a balanced opinion, which is why we also focus on being open and transparent throughout our reporting.

3

Running our company for the long term

Our Purpose – 'taking care of one of life's essentials' is a long-term endeavour and forms the foundation of our relationships with our stakeholders and is critical to our long-term success. Our people connect with our Purpose, and our outstanding engagement scores and consistent operational performance demonstrate the strength and depth of this connection. Our customers and communities tell us that they want us to focus on topics of importance to them and be reassured that they can depend on us to respond to these issues. And our investors want to understand our Purpose and Values and know that we will apply these consistently in delivering our Strategy, with a focus on the long term. We are tackling some of the most difficult challenges we face, from carbon emissions reduction and boosting biodiversity to increased social mobility and eliminating water poverty. These issues are not easily resolved, which is why our commitments are ongoing and we continue pushing ourselves and our industry forward, delivering short and long-term benefits that last.

From implementing an internal Carbon Tax, which raised funds of £5.2 million that are being invested in our Net Zero Transition Plan, including new research and development innovations, to publishing our long-term plans on water scarcity, flooding, and affordability, the decisions we take today are informed by how we see the world evolving in the future.

This is outlined in our 30-year Strategic Direction Statement and will be a focal point of the PR24 business plans we submit to Ofwat later in 2023 for the period 2025 to 2030.

4

Being open about what we do and sharing what we know

Trust is increasingly built on a foundation of transparency and collaboration continues to be a focal point of the way we have worked this year. This encompasses reporting progress against delivery of our Strategy and sustainability commitments through our annual reporting, in a way that is meaningful and useful for our stakeholders. Transparency drives collaboration, by helping us build upon our collective experience, expertise and innovation capabilities on key projects such as worldwide innovation partnerships on net zero with Melbourne Water and Aarhus Vand or local partnerships to maximise the positive impact of the Commonwealth Games. Both require a common outlook that the best answers won't always originate from inside our organisation.



GOVERNANCE IN ACTION: BUILDING A SUSTAINABLE SUPPLY CHAIN



VERIFYING THE CARBON-NEUTRAL LEGACY OF THE COMMONWEALTH GAMES

The 2022 Commonwealth Games set a bold ambition, to create a 'carbon neutral legacy', for the first time in the history of the event. Our partnership formed a key part of this ambition, and together we took steps to ensure the credibility of our claims.

An independent verification partner, Quantis, reviewed the Games' approach to carbon management, including carbon footprint calculations, and ensuring a 'reduction first' approach was taken. Our plans to offset the residual emissions via the Legacy Forests to create a carbon neutral legacy were also reviewed and assessed. We have committed to report our progress on the forest planting annually in our Sustainability Report (find out more on page 23), and have the West Midlands Combined Authority ('WMCA') acting as our oversight partner. Setting and meeting these high standards ensured that we, together with the Birmingham 2022 team, built the legacy on solid foundations.

Working closely with our supply chain partners is critical to the delivery of our service and sustainability ambitions.

We aim to influence our supply chain partners and help them build capability by improving sustainable procurement practices. We are also clarifying our requirements regarding supplier commitments to carbon and climate change, circular economy, labour rights and worker welfare.

We implemented new controls across our procurement process to ensure that our Sustainable Supply Chain Charter is embedded into all new contracts. All suppliers are required to agree to the Charter as part of the onboarding requirements to partner with Severn Trent. Our first Sustainable Procurement Statement was published in May 2023, which sets out our formal commitment to embedding sustainability through procurement and supplier management.

We are also working to gather accurate data on emissions generated by our capital construction supply chain, and to embed suppliers' use of our carbon calculation tools and processes. Find out more about carbon and capital construction on page 30.

 **Find out more about our Sustainable Procurement Statement.**

ecovadis

89 of our suppliers have been assessed through EcoVadis, an independent rating platform which assesses suppliers based on their environmental and social impact performance. We are aiming for 100% of high-impact suppliers to be assessed, and we're driving improvement through corrective action plans.

We also launched our relevancy matrix, a tool that highlights environmental and social impacts most material to key supplier categories, so that we can tailor our approach. Using this matrix, we strengthened objectives for all procurement, contract management and commercial colleagues, integrating recommendations from EcoVadis' corrective action plans. We have also implemented mandatory training for colleagues to complete foundation levels on relevant sustainability topics, supported by the Supply Chain Sustainability School, and conducted a complete review of our supplier selection questions to drive impact.

We aim to continue to embed and evaluate our approach, developing metrics to assess the impact of our initiatives against priority areas. We are measuring our performance against the ISO 20400 standard for sustainable procurement through a gap analysis workshop delivered by the Supply Chain Sustainability School.

Engaging on modern slavery

We are committed to mitigating the risk of modern slavery in our business and across our supply chain, supported by our continued partnership with experts, Slave-Free Alliance ('SFA'). Although ours is not a high-risk sector, we worked with SFA to identify supply chain categories that represent a heightened risk including: construction, facilities management, waste management, and warehouse logistics and distribution. We will continue to deliver company-wide e-learning and campaigns, of which we currently have a

99% e-learning completion rate.

We also offer dedicated training for those who have regular and direct engagement with our supply chain, ensuring colleagues feel comfortable and confident to report any concerns that don't feel right.

 **Find out more in our Modern Slavery Statement.**

Should any potential concerns be reported they will be rigorously investigated in collaboration with SFA. Collaboration is critical to tackling this issue. We remain steering committee members of Utilities Against Slavery – a working group set up to collectively drive consistency in our approach to identifying and addressing modern slavery. We will continue addressing opportunities across a shared supplier base including principles for due diligence, engagement and training.

100%
of our contracted suppliers have signed up to our Sustainable Supply Chain Charter

100%
of suppliers' employees working on our contracts are paid the real Living Wage

TASKFORCE ON NATURE-RELATED FINANCIAL DISCLOSURES

The total annual value of ecosystem services in England was estimated at £35.7 billion in 2020, 70% of the total UK annual value.

Any loss of nature poses a serious threat to business and financial stability. Ecosystem degradation and biodiversity decline exacerbate climate change and threaten the natural processes that capture, hold, clean and carry water, as well as multiple other ecosystem services.

Despite an increase in policies and actions to support biodiversity, there continues to be a global decline in biodiversity. The Kunming-Montreal Global Biodiversity Framework, agreed at COP15 in 2022, is a global strategy for jointly safeguarding nature and securing our common future. It aims to halt and reverse global biodiversity loss by addressing the complex drivers behind biodiversity declines.

Target 15 from the Framework states that businesses need to regularly assess and disclose their risks, dependencies and impacts on nature in a transparent way. In the same vein, the Taskforce on Nature-related Financial Disclosures ('TNFD') was launched the year before the Framework. It is a structure for organisations to report and act on evolving nature-related risks, ultimately shifting global financial flows away from nature-negative outcomes and toward nature-positive ones.

As a business that provides water and takes waste water away, we are heavily reliant on nature and the ecosystem services it provides, so looking after nature is not only the right thing to do, but is also critical to the long-term success of our business. We are part of a regulated industry, and there is considerable overlap between our existing activity and reporting requirements for nature (such as for the Water Industry National Environment Programme ('WINEP'), amongst others) and those of the TNFD; however, our reporting is not yet currently presented in the TNFD format. Disclosing information in a meaningful way for TNFD requires careful consideration to consolidate reporting and avoid duplication of effort.

Our governance, Strategy and reporting already span many of our activities that impact on and depend on nature. Our governance processes are aligned with the Group's Sustainability Governance Framework which supports the delivery of our activities to enhance our natural environment. This activity is supported by a number of working groups, for example, the natural capital working group. We operate a well-established Enterprise Risk Management ('ERM') framework, underpinned by standardised tools, practices and risk management methodologies to ensure consistency across the Severn Trent Group. Examples of ERM risks that relate to nature are:

- Our climate change strategy does not enable us to respond to the shifting natural climatic environment and maintain our essential services; and
- We fail to positively influence the natural capital in our region.

Therefore, nature-related risks are explicitly outlined in three related documents: Biodiversity Strategy and Action Plan, Our Approach to Championing Pollinators and Protecting and Enhancing Sites of Special Scientific Interest. These outline our nature activities, both on our own land and across the wider catchment. Our progress on our nature commitments is tracked using metrics outlined by Ofwat (informed by the Environment Agency) and other Government programmes such as WINEP.

To ensure we present a cohesive, transparent picture of our dependencies and impacts on nature, and align with our existing nature reporting and TNFD requirements, we will disclose in a phased manner, starting with a more detailed disclosure in 2024 and developing the report year on year in our Annual Report and Accounts in a similar manner to our approach to the Task Force on Climate-related Financial Disclosures ('TCFD').

Where to find more information

You can find out more in the following reports and publications:

- Severn Trent Plc Annual Report and Accounts
- Climate Change Adaptation Report
- Strategic Direction Statement
- Get River Positive Annual Report
- Biodiversity Strategy and Action Plan
- Our Approach to Championing Pollinators
- Protecting and Enhancing Sites of Special Scientific Interest



TAKING CARE OF THE ENVIRONMENT

Overview

Maintaining and supporting the health of our natural environment is vital to our customers, our business and our planet's future. Working with partners in the UK and around the world, we continue to invest in innovation and conservation programmes that will help us restore and protect our rivers, ensure a sustainable water cycle and deliver our long-term aim to achieve net-zero emissions by 2030.

**Recognised leaders
in our sector**

'Advancing' standard
from Carbon Trust

CDP score A-

Highly confident of receiving
a 4* rating (top grade) by the
Environment Agency for the
fourth year in a row

PRIORITIES AND PERFORMANCE

Progress key

● on target

● in progress

● achieved

○ off track

ENHANCING OUR NATURAL ENVIRONMENT



Nature is our partner in providing water services and we are dedicated to protecting and preserving all nature in our region

GOAL

Plant 1.3 million trees by 2030

PROGRESS

694,144 trees planted



GOAL

Improve biodiversity on 5,000 hectares of land by 2023

PROGRESS

7,727 hectares



MITIGATING AND ADAPTING TO CLIMATE CHANGE



Climate change is one of the greatest challenges the world faces. Increasing our resilience is a core area of focus

GOAL

46% reduction in Scope 1 & 2 Science-Based Targets by 2031

PROGRESS

24% reduction



GOAL

100% of our energy will come from renewable sources by 2030

PROGRESS

83% renewable energy



ENSURING A SUSTAINABLE WATER CYCLE



Sustainable abstraction, delivery and treatment are required to protect our delicate ecosystems and maintain, and support, a healthy water cycle

GOAL

15% leakage reduction by 2025

PROGRESS

9.2% reduction



GOAL

Per Capita Consumption reduction by 3.5% by 2025

PROGRESS

2.8% increase since 2020



MAKING THE MOST OF OUR RESOURCES



Circularity and efficiency are essential towards protecting precious natural resources. We are building our skills and knowledge in this area of growth

GOAL

90% diversion of waste from landfill

PROGRESS

88.8% landfill diversions



GOAL

Over 500,000 green and mixed food waste recycled each year

PROGRESS

500,000+ tonnes recycled



CHALLENGES AND OPPORTUNITIES

Water supplies are under ever-increasing pressures and threats due to the climate crisis, pollution and population growth. Working with nature to reduce impacts and restore ecosystems is the best way to keep our business thriving and water flowing.

With nature as our partner, and with long-term ambitions to guide us, we aim to continue enhancing our natural environment, investing in new technologies to reduce operational emissions and ensuring the future of our precious resource through care and innovation.



We know we can't do it alone. Our sector must take collective action, alongside partners, landowners and our customers, to turn the tide and restore the ecosystems that are in our stewardship and beyond.

Making a big difference with Tiny Forests

In addition to the Commonwealth Games Legacy Forests, we planted 72 Tiny Forests in partnership with Earthwatch Europe across our region, with at least one to represent each competing nation or territory in the Commonwealth Games. In addition to providing shade in hot weather and reducing noise pollution, these green spaces are outdoor science labs, offering children and adults opportunities to play and learn. Densely planted trees in small spaces also help to improve the biodiversity in a local area. We are recruiting children from local schools to act as 'treekeepers'. In addition to helping maintain the habitat, they will monitor the improvement of biodiversity, taking science out of the classroom and into the real world.

Alongside the environmental benefits, the Legacy Forests and Tiny Forests will also deliver lasting health and wellness benefits. We believe that everyone in our region should have access to forested spaces that make our immune systems stronger, decrease anxiety and stress, and increase energy levels. Our Tiny Forests, and areas of our Legacy Forests, will provide this much-needed nature boost for people across the Midlands, now and for future generations.



PROMOTING POLLINATORS

Our estate covers a wide range of habitat types, from urban areas to woodland and grassland, tenanted farmland, and forestry. The biodiversity audits we conducted helped us understand how to give wild pollinators the best possible chance to thrive on our land. These audits led to the development of projects to support our pollinators, including:

Pollinator pathways

In partnership with the Heart of England Forest, we are developing 30m-wide pathways across 68 hectares of the Forest, on a grassland network in a 1,000 hectares woodland, creating 'superhighways' for insects and making a positive contribution to our vital Nature Recovery Network.

Wildflower seeds will be sown, and the flowers will act as a natural seedbank for future growth.

Commitment: Improvement works will benefit 68 hectares of land over five years (2020-2025).

Progress: We have delivered all 68 hectares, two years ahead of schedule.

Butterfly mosaics

We partnered with the Butterfly Conservation Trust ('BCT') to enhance diverse habitats in the Midlands and improve connectivity and the environment for both people and wildlife. This project, delivered in partnership with the BCT, runs over three years and is forecast to deliver 120.5 hectares of habitat by 31 March 2024. We will improve the connectivity of a series of sites across the East and West Midlands, benefitting eight rare and threatened butterfly species, three priority moths and many common species.

The project focuses on creating and improving the breeding habitat needed by each species, allowing populations to recover and expand into new areas.



Find out more about these and other projects in Our Approach for Championing Pollinators.

MATERIAL ISSUE: RIVER HEALTH



MATERIAL ISSUE: RIVER HEALTH

COMMITMENTS AND PROGRESS

- Our operations, based on RNAGs, will not be the reason for unhealthy rivers by 2030
- Currently responsible for 16% of RNAGS in our region



SDG 6 CLEAN WATER AND SANITATION



To find out more about how our material issues map against the SDGs please visit our ESG data book for more information.

River health remains a critical priority for our stakeholders. Our region's river health is not just essential to the communities we serve, but also the success of our business.

Our rivers are a crucial part of the natural systems that support the entire water cycle and reduce the amount of treatment required to deliver our essential service. The health of the UK's rivers and the sector's contribution to ecological harm remains a critical priority for our stakeholders, so it is essential that we are transparent about what we are doing to improve the health of our region's rivers. Our teams are delivering significant improvements, doing more and working faster than industry regulators require, but we still have a lot more to do. Last year, we published five industry-leading Get River Positive river pledges aiming to restore the health of our region's rivers.

Green Recovery Programme: Rivers safe for swimming

Included in our pledge to improve 500 km of rivers in our region is our Green Recovery Programme to improve river health towards bathing standards along the River Leam in Warwickshire and the River Teme in Shropshire. Because we want to our communities and the country's wildlife to benefit from these actions as soon as possible, we will deliver on this pledge five years earlier than we originally planned.



Find out more about Bathing Rivers on our website.



PROGRESS ON OUR PLEDGES



Download our Get River Positive Annual Report.



PLEDGE ONE

Ensure storm overflows and sewage treatment works do not harm rivers

What we have got up to:

- We have delivered significant progress on our storm overflow performance, reducing storm overflow activations to 18 per year.
- Our share of reasons for rivers in our region not achieving good ecological status has reduced from 24% to 16%.
- This activity is being supported by our new training river at our Academy



PLEDGE TWO

Create more opportunities for everyone to enjoy our region's rivers

What we have got up to:

- We have invested in new and upgraded sewer infrastructure as well as trialling ozone disinfection technology to ensure that we continue to clean waste water to the highest possible standard.
- In 2022, we launched our extensive river monitoring and sampling programmes and installed 76 water quality monitors on the rivers Leam and Teme.



PLEDGE THREE

Support others to improve and care for rivers

What we have got up to:

- We have delivered a series of community roadshows, inviting customers to come along and hear about our Get River Positive plans.
- Our Community Fund has awarded over £278,000 since 2022 to brilliant projects that will have a positive impact on our region's rivers.



PLEDGE FOUR

Enhance our rivers and create new habitats so wildlife can thrive

What we have got up to:

- Our dedicated River Ranger Team was established in January 2022 and since then has carried out over 3,500 riverside inspections.
- Since January 2022, the Team has attended over 110 meetings with partners and environment and community groups on the subject of river health.



PLEDGE FIVE

Open and transparent about our performance and our plans

What we have got up to:

- In October 2022, we established our Get River Positive Independent Advisory Panel with the objective of helping to oversee our progress against each commitment and ensure we maximise the benefits our campaigns will deliver.
- We have Event Duration Monitors ('EDMs') on 100% of our storm overflows – twelve months ahead of the 2023 regulatory target.

MATERIAL ISSUE: ENHANCING NATURE



MATERIAL ISSUE: ENHANCING NATURE

COMMITMENTS AND PROGRESS

- Improving 5,000 hectares of land by 2027
- 7,727 hectares improved by the end of 2023
- Tree planting target increased from 1.3 million trees by 2025
- Planted nearly 700,000 trees to date, comprising 53% of our 1.3 million target
- 2,000 acres of peatland restored by 2025
- 1,218 acres restored



SDG 15 LIFE ON LAND



To find out more about how our material issues map against the SDGs please visit our ESG data book for more information.



Nature underpins our entire water cycle, impacting rivers, reservoirs, treatment works and pipelines.

The protection and improvement of the environment is therefore a key business priority. These actions help us integrate nature-based solutions into our systems, which reduces the need for industrial interventions.

We are investing in conservation partnerships and nature-based solutions in the wider catchment and helping to restore key natural habitats through our tree planting commitments, and by restoring hedgerows, establishing wildflower meadows, and restoring moorlands, bogs and peatlands. We are also working with farmers to fund nature-based solutions that serve their needs and support sustainable practices, such as 'buffer strips' of perennial plants that reduce run-off from fields.

Nature-based solutions

Nature-based solutions use natural strategies, processes and ecosystems to protect and preserve our water supplies, reducing the need for intervention throughout the water cycle.

Our natural capital baseline

Natural capital refers to the elements of the natural environment that provide valuable goods and services to society. This approach to assessing our natural assets can help us to measure return on investment holistically, taking different areas of impact into account. We are currently building expertise to better understand the value of natural and social benefits derived from our land and waterways. We are also developing experience in testing available methodologies to quantify benefits for important ecosystem services. It is our ambition to develop a robust and comprehensive natural capital account for publication within the next year.

Biodiversity Strategy and Action Plan

The landscapes and habitats of the Midlands are home to a wide variety of plant and animal species. Each plays a vital role in maintaining the natural balance that safeguards our water supplies. Our Biodiversity Strategy and Action Plan, summarised below, sets out our plans for supporting nature recovery on our own land, boosting nature beyond our boundaries and making nature integral to catchment management.



Find out more about our full range of biodiversity programmes.

Green Recovery Programme: Sustainable Drainage Systems ('SuDS')

We're investing £76 million in a range of solutions to reduce flooding and create a greener environment across Mansfield. This project will protect communities from flooding, improve river health and create green spaces for residents to enjoy.

Working alongside Mansfield District Council and Nottinghamshire County Council, we are embarking on the largest project of its kind ever to be attempted in the country.



Find out more about our SuDS programme in Mansfield on our website.

OUR BIODIVERSITY STRATEGY AND ACTION PLAN

1

Managing and reducing the impact of our operations on biodiversity

- Water abstraction management and demand reduction
- Improving the health of our region's rivers with our Get River Positive river pledges
- Groundwork and construction operation supporting biodiversity net gain and minimising harm to sensitive sites

2

Protecting and enhancing biodiversity on our own land

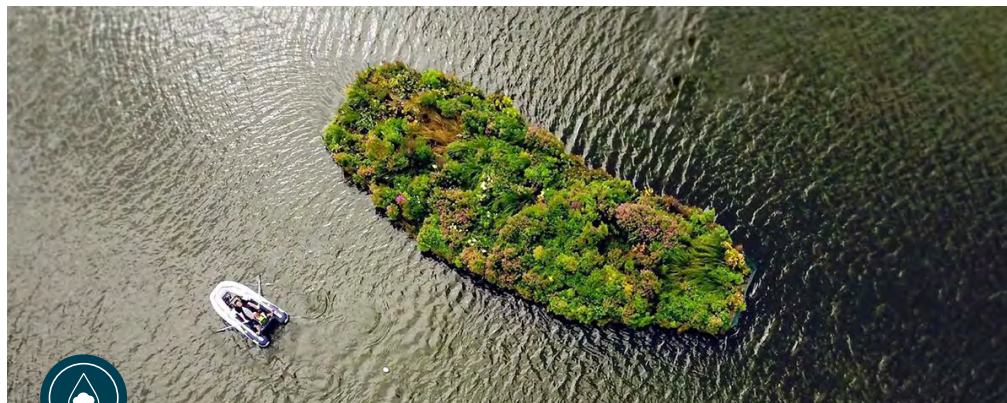
- Full biodiversity audits conducted on 131 priority sites, with plans for 250 in total
- Practical conservation on our own land
- Nature-friendly forestry and farming

3

Investing in conservation partnerships and nature-based solutions in the wider catchment

- Helping to restore key natural habitats and ecosystems
- Working with farmers to fund nature-based solutions

MATERIAL ISSUE: ENHANCING NATURE CONTINUED



GREEN RECOVERY PROGRAMME: FLOATING WETLANDS LAUNCHED IN DERBYSHIRE

Our Green Recovery Team has launched its latest nature-based solution in the form of floating wetlands near our Church Wilne water treatment works site in Derbyshire.

The project will be turning to nature to help pre-treat the water, something not seen before in the UK, whilst also improving the biodiversity of 46 hectares. By carefully selecting specially designed media and flora for the type of water and environment the floating wetlands will be positioned in, we can naturally improve the surrounding water quality of the site, encourage habitat regeneration, and support numerous birds, mammals, invertebrates and aquatic life.

Part of our early design work has been to work closely with stakeholders including the Wildfowl and Wetlands Trust, Derbyshire Wildlife Trust and the Environment Agency to ensure the solution not only meets our operational and key customer requirements, but also improves the site overall in terms of biodiversity and carbon impact.

To date, three floating wetlands have been created across gravel beds at Witches Oak Water Nature Reserve, from which water is abstracted for treatment at Church Wilne, with a further 27 set to be launched later in 2023.

[Find out more about these and other projects in our Annual Report.](#)



ONGOING LAND STEWARDSHIP PROJECTS



Great Big Nature Boost

This ongoing project supports the restoration of natural environments in our region through a variety of schemes, programmes and partnerships.

[Find out more, visit here.](#)

Progress: We have exceeded our target of improving the biodiversity of 5,000 hectares of land four years early, having already delivered 7,727 hectares. So we have doubled our target and now expect to deliver biodiversity improvements to 10,000 hectares of land over the course of AMP7.

Farming For Water

This programme has been very successful in engaging farmers to adopt more sustainable practices. Our engagement with farmers has been positive, with 98% of farmers saying they would recommend working with us and reporting that their knowledge of water quality issues has improved.

[Find out more, visit here.](#)

Progress: Engaged with 7,506 farmers across 48 catchments and 432,000 hectares.

Peatland Restoration

We are working in partnership with the Royal Society for the Protection of Birds ('RSPB') to build an integrated landscape vision of the Lake Vyrnwy Estate as a nationally important example of sustainable upland management.

Preserving Sites of Special Scientific Interest ('SSSIs')

SSSIs are areas of special interest that are protected by law because they are habitats for specific plants and animals, or they contain particular landscape features.

We own and manage approximately 500 hectares of land designated as SSSIs, across 50 sites. By 2025, we aim to have management plans in place so that we can achieve improving our favourable conditions ratings across all SSSIs by 2030. As a regulated water company, we are required to follow strict guidelines which safeguard SSSIs, and we are working with Natural England to create 16 holistic management plans that will cover all 50 of our designated sites. Six management plans are already in place and we are working on a singular plan which will cover 36 of our smaller sites (less than one hectare each).

[Find out more, visit here.](#)

Catchment Management Benefits

Before we started our catchment management programmes and reducing pesticide concentrations in rivers, we had to regenerate Granular Active Carbon ('GAC') every twelve months at our surface treatment works. GAC is used to remove pesticides from raw water, and the regeneration process is costly and carbon-intensive.

Over the last ten years, we have increased the time between each regeneration to 36 months at the majority of our water treatment works.

MATERIAL ISSUE: CARBON AND CLIMATE CHANGE

Climate change is a global crisis that has clear and immediate impacts on our ability to 'take care of one of life's essentials'.

We understand the scale of the challenge and are taking steps to reduce our contribution to climate change and adapt to its consequences through long-term strategic thinking, innovation and collaboration.



MATERIAL ISSUE: CARBON AND CLIMATE CHANGE



SDG 13 CLIMATE ACTION



To find out more about how our material issues map against the SDGs please visit our ESG data book for more information.



ADAPTING TO CLIMATE CHANGE

The changing climate is already having an effect on the water cycle, and that impact will **only increase over time**. The climate drives many of our critical functions, such as the filling of our reservoirs, demand for water, as well as promoting health and wellbeing benefits. As part of our remit to protect nationally critical infrastructure on which others depend, we have an important role to understand, prepare and respond to a changing climate.

We continue to track how the climate impacts our operations to assess and manage climate risks. We have done a lot this year to model and understand impacts on water supply through our draft Water Resources Management Plan ('WRMP'), which addresses risks relating to water availability and security of supply, taking into account a changing climate. Our Drainage and Wastewater Management Plan ('DWMP') sets out our approach to ensuring an effective waste water network, including the risk levels for sewer flood risk and storm overflow. In addition, further modelling is underway using scenarios (as set out by Ofwat) that include assumptions for climate change, to build evidence and inform our five-year regulatory business plans and long-term evidence plans. Our Task Force on Climate-related Financial Disclosures ('TCFD') disclosure, found in our Annual Report, explains how we are doing this.



THE ENVIRONMENTAL LEGACY OF THE COMMONWEALTH GAMES

Creating a carbon neutral legacy and enhancing our natural environment

As part of our partnership with the Commonwealth Games, we are committed to planting 2,022 acres of Legacy Forests, which will offset the residual emissions from the Games through sequestration, creating a carbon neutral legacy. As each area of forest is planted, it will undergo a process of assessment and scrutiny involving independent auditors. Our Forestry Team works with the Forestry Commission to undertake an Environmental Impact Assessment ('EIA') for each site, including those that do not require an EIA because of their small size, to ensure that woodland creation is suitable at the location. To ensure the right standards are met, each forest area covering over ten acres, will be registered with the Woodland Carbon Code – a quality assurance standard for woodland

creation in the UK which generates independently verified carbon units.

The forests are also designed to support and enhance biodiversity, and we developed a comprehensive plan with experts in the field to ensure that we plant and maintain the right mix of indigenous trees and plant life for the long term. We were also able to get our communities involved in a variety of planting activities and we will make some of these forest areas accessible to the public. We are working with stakeholders and sharing our learnings to fulfil these commitments and get more trees planted throughout the Midlands and beyond.

As part of our Commonwealth Games partnership, we committed to sharing our Legacy Forests planting progress annually:

Commonwealth Games Legacy Forests planting tracker

Final verified carbon footprint of the Games	201,821 tCO₂e
2022/23 planting season	355 acres planted
2023/24 planting season	0 acres planted, c.400 acres planned
Total planted	450 acres
Total left to be planted	1,572 acres

MATERIAL ISSUE: CARBON AND CLIMATE CHANGE CONTINUED

There are multiple sources of greenhouse gas emissions across our Group. The following illustrates the key stages in collecting, cleaning and distributing water and the Scope 1 and 2 emissions associated with that. The majority of our Scope 1 emissions come from our sewage and sludge treatment processes.

SCOPE 1

Direct emissions from owned or controlled sources.

SCOPE 2

Indirect emissions from the generation of purchased electricity, steam, heating and cooling consumed.

WATER

We provide 4.8 million households and businesses across our region with fresh, clean drinking water every day – that's about two billion litres

SCOPE 1
3%

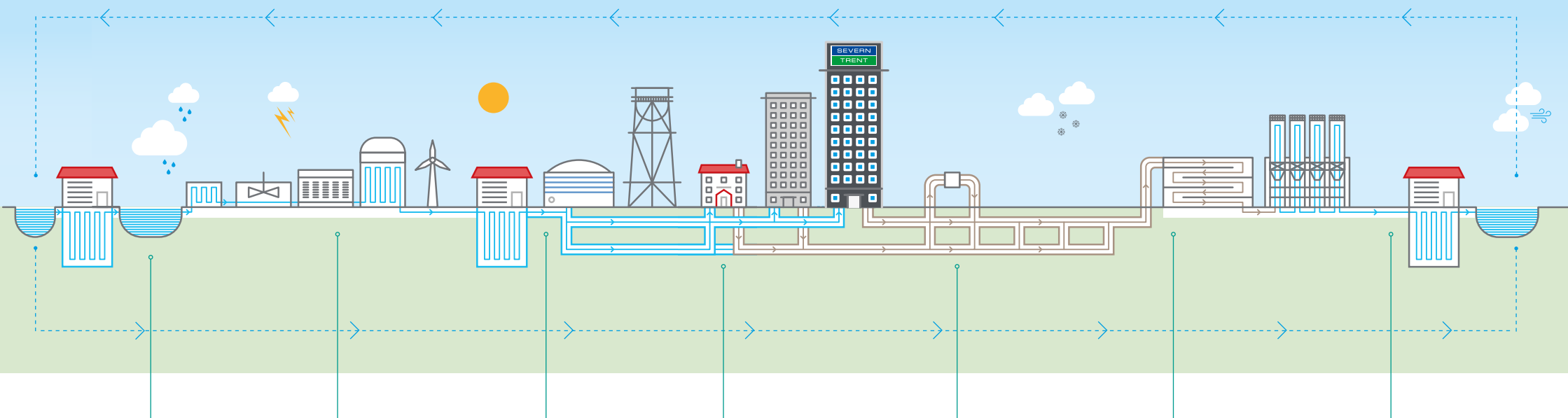
SCOPE 2
18%

WASTE WATER

We treat 2.8 billion litres of waste water each day before returning it safely to the environment

SCOPE 1
70%

SCOPE 2
9%



Collect raw water

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

Clean raw water

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

Distribute clean water

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

Customers enjoy our services

4.8 million households and businesses use our services, delivered by a team of over 7,600 employees, and supported by a 24/7 contact centre, always ready to help.

Collect waste water

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

Clean waste water

Waste water is carefully screened, filtered and treated in our sewage treatment works to meet stringent environmental standards. We generate energy from waste, wind and solar.

Recycle water to the environment

We safely return treated water to the rivers and watercourses.

MATERIAL ISSUE: CARBON AND CLIMATE CHANGE CONTINUED

The UK water and waste water industry is responsible for up to 1% of the UK's greenhouse gas ('GHG') emissions. We aim to lead our industry in measuring our impact and taking the necessary steps to reduce it.

What are we aiming for?

In May 2019, we announced our Triple Carbon Pledge and, more recently, our commitment to GHG reductions in line with the 2015 Paris Climate Agreement, which aims to limit global warming to 1.5°C through the Science-Based Targets initiative ('SBTi'). These commitments set our direction of travel, and our strategy considers the best operational, technological and economic route to meeting our climate goals, which is continually reviewed to take into account emerging science and evidence.

Defining net zero

Net zero means achieving a balance between the amount of emissions produced and those removed from the atmosphere in order to limit the impact from climate change. Our target is to achieve net zero operational emissions (our Scope 1 and 2 and some outsourced Scope 3) by 2030. We will prioritise our net zero investment to achieve this without purchased offsets but if we do need them, we will only use high-quality offsets to meet our 2030 target.

It is everyone's responsibility to reach net zero, but we track our progress through our central Net Zero Transformation Team. The Team is responsible for overseeing delivery of the carbon reduction plan, supported by dedicated project teams. It is overseen by our Energy Steering Group that sets the carbon and energy strategy and targets, ensuring that robust plans are in place to deliver them, and monitors performance.

Summarising our approach

Achieving our plan is requiring us to re-think every aspect of our business processes and adopt new ways of working. Our approach is to follow the carbon hierarchy to achieve our 2030 targets:



REDUCE

our emissions



REPLACE

fossil fuels such as natural gas with green energy



REMOVE

carbon emissions such as through carbon sequestration



OFFSET

Only then we will offset any residual emissions. This would be through high quality and accredited schemes.

Wherever possible, we aim to reduce the amount of emissions that we produce, identifying 'hotspots' and taking actions where they will have the most impact. Key areas of reductions include reducing use of fossil fuels for power generation and heat, reducing our process emissions across both waste water treatment and bioresource treatment, increasing generation of renewable energy, transitioning our fleet away to electric vehicles ('EVs') and alternative fuels and working with our supply chain to drive down emissions.

THE LAST YEAR IN REVIEW

Last year saw a continued focus on:



Improving our data, particularly in monitoring actual process emissions and Scope 3 data



Investing in national and international partnerships



Investing in new innovations to trial and deliver a waste water treatment site that minimises our operational emissions



Aligning incentivisation to environmental outcomes



Engaging with and supporting our supply chain to understand, report and set their own Science-Based Targets



Investing more in improving the energy efficiency of our assets, stepping up our operational focus on energy use, using energy more flexibly and promoting behavioural change to reduce wasted energy



Securing more electric vehicles and running trials of hydrogenated vegetable oil



Investing further in peatland restoration and tree planting



Planning for, and building net zero into our business plans for the next regulatory cycle



Find out more about how sustainability-focused performance measures are included in our Long Term Incentive Plan in our Annual Report.

Our glidepath, found on page 58 in our Annual Report, shows our journey is not linear. We have established the governance, funding and resources for our net zero programme. We expect our emissions to increase in the short term, owing to population growth and the need to increase water and waste water quality standards, which currently means increased use of chemicals. We will realise reductions again through ongoing improvements and industry-leading innovation. We are also working with our suppliers to set and realise goals that will help us reduce our Scope 3 emissions.

With more robust methods for measuring our impact and tracking emission sources, we are in a better position to focus our resources on the most challenging projects.

In the long term, this deeper level of knowledge and insight will help us drive positive change and reach our net zero goals.

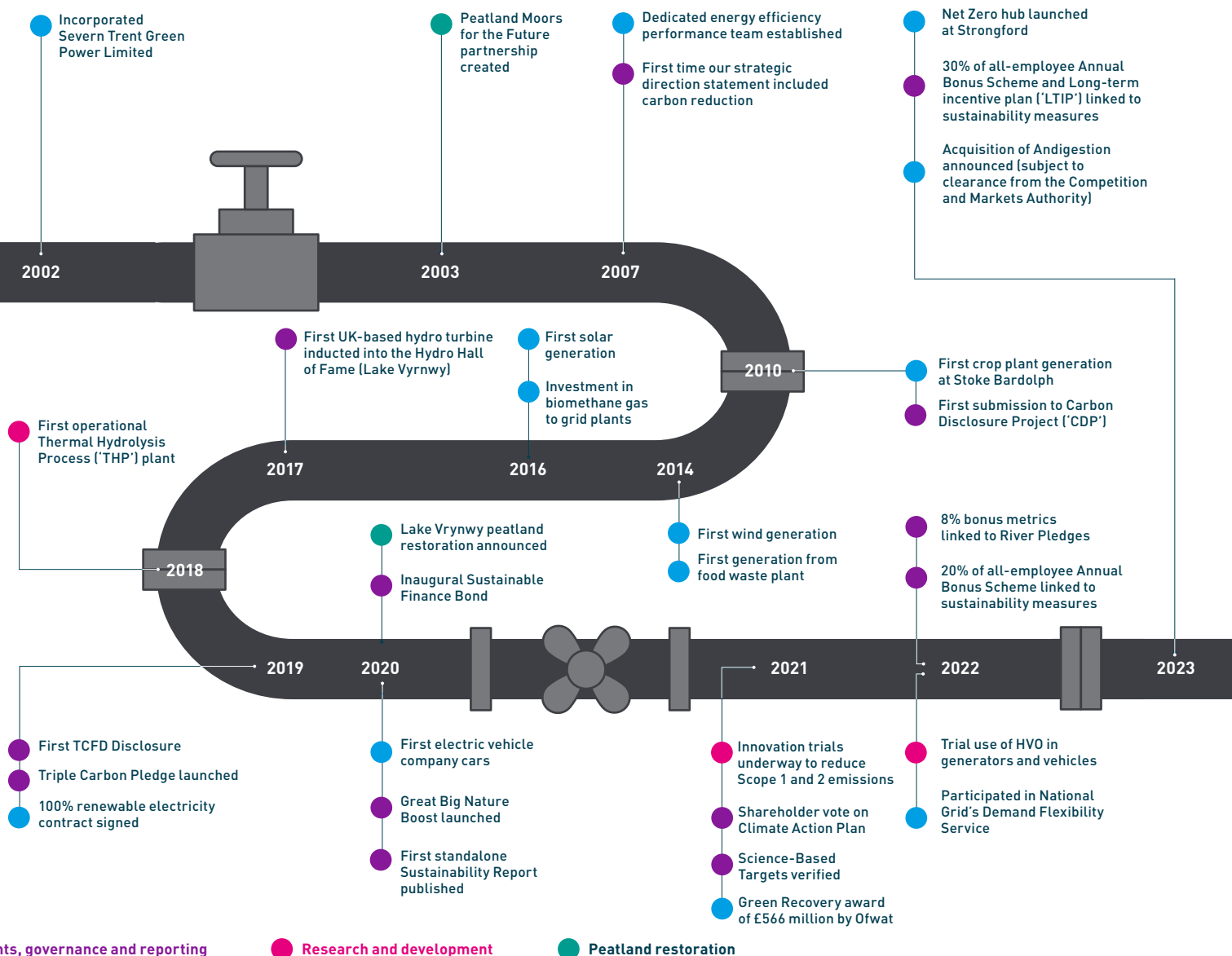


Find out more about our strategy and trajectory and performance towards our targets in our Annual Report.

OUR MILESTONES TO DATE

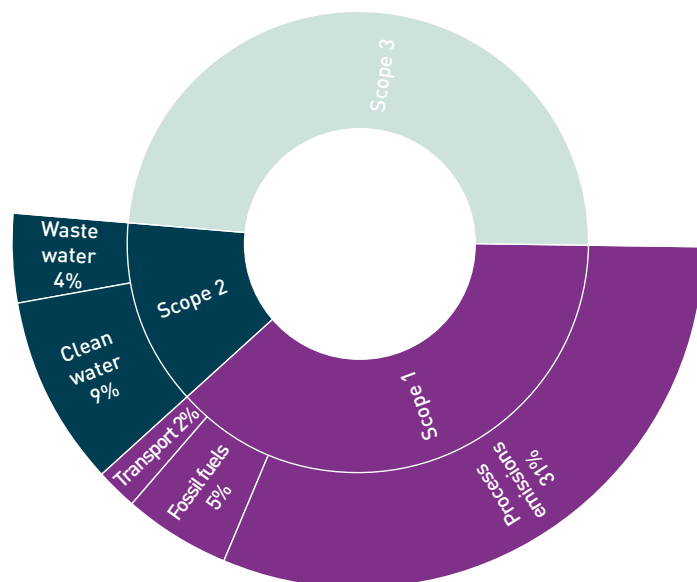
Our journey to net zero started over 20 years ago, in 2002, with bold choices being made, starting with the incorporation of Severn Trent Green Power Limited. We've continued to make innovative and ambitious decisions towards net zero, which we have summarised on this page.

Our commitment to achieve net zero operational emissions was confirmed in 2019 with our Triple Carbon Pledge and approval of our Climate Change Action Plan from our shareholders at our 2021 Annual General Meeting ('AGM'). Since then, we have established robust governance processes, ring-fenced funding and continued to make 'quick win' reductions such as investing in energy efficiency and purchasing 100% renewable-backed electricity from our suppliers. Combined, these choices allowed us to realise early emissions reductions.



MEASURING OUR GROUP EMISSIONS

Our Scope 1 and 2 emissions sources



REDUCE



REMOVE

83% methane and nitrous oxide emissions from waste and sludge

Methane and nitrous oxide are potent greenhouse gases released from our sewage and sludge treatment processes. Given we can't control what comes from people's homes to our waste treatment centres, making their reduction a key priority is a major challenge in our path to net zero. We're committed to lead the way in understanding and solving this problem, and are focused on investing in new science, technology and innovation to understand and solve the issue.

Measurement of nitrous oxide emissions

Over the past three years, we have been running an industry-leading emissions monitoring programme and are the only company reporting emissions using data from monitoring at asset level. Cutting-edge technology enables us to capture the volume of emissions emitted on an asset-by-asset, site-by-site basis and make the right interventions on the right assets. Our method for estimating process emissions reflects guidance from the Intergovernmental Panel on Climate Change ('IPCC'), which highlights the need to improve on broad emission factors by taking measurements at the facility-specific level. Last year, we reported using emissions data from monitors installed at one site. The team has increased sample collection this year and sensors are now installed at 8 sites, which are responsible for 42% of our overall nitrous oxide emissions. It has also taken hundreds of direct air samples for nitrous oxide emissions across our process. This data will give us a fair reflection of our baseline and insight into seasonal

emissions variations. This data means we are able to estimate secondary treatment process emissions from our assets much more accurately.

Reducing methane losses

We have also surveyed our bioreactors sites to minimise unintended escapes of biogas (predominantly methane) by finding and fixing previously undetectable leaks. Our find and fix drone methane sensor is now used to regularly survey all our bioreactors sites. It has been successful in locating methane leaks at a number of sample sites, identifying exactly where the methane leak is and allowing us to plan and complete repairs to reduce methane losses. The programme in development will ensure that all of our digester sites are being surveyed at least once a year by our internal drone team.



REPLACE

12% emissions from on-site fossil fuel use

We will appraise options and invest to replace fossil fuels. For example, we currently use diesel in some of our backup generators and site equipment and imported gas to heat our anaerobic digesters. This year, we have successfully tested the use of biofuels to replace diesel in our plants and heavy goods vehicles.

We continue to review market opportunities to increase electrification and make use of green hydrogen in future. We already generate renewable electricity and gas, which includes energy from anaerobic digestion of sludge and food waste as well as solar, wind and hydro power.

However, our requirements for energy, and particularly heat, are rising as we need to meet improving environmental standards, demand from a growing population and ever-increasing standards for sludge treatment. Most of our increase this year has come from increased use of gas, which is required for creating better-quality

sludge digestate and has been used in our combined heat and power ('CHP') engines to mitigate the impact of the record high energy prices we have seen this year.

By 2030, we will get 100% of our energy from either our own renewable sources or via our suppliers, we're currently at 83%. This may include through Power Purchase Agreements which provide capital for new renewable energy projects, while guaranteeing stable future energy prices.

5% from the fuel to power vehicles

We are transitioning our fleet from fossil fuels to alternative fuelled vehicles (including electric vehicles ('EVs') and using Hydrogenated Vegetable Oil ('HVO')) with the aim of 100% by 2030, where vehicle technology is available. All new Company cars will be electric, with 36% already in use, and we have begun to replace our vans, with 17 (1%) now electric. We've installed 352 charging points at 70 sites and are evaluating the scale at which we can progress in the coming years. In addition, we have increased the number of home charge points that have been installed over the last year, which will continue to grow more rapidly as we are allocating EVs predominantly to those who can accommodate home charging. These are working well both for our fleet and the growing number of our employees using electric vehicles.

In case electric HGVs and tankers are not available or economically available by 2030, we are looking into alternative low-carbon options such as hydrogen and biogas. This year, we are trialling the use of HVO fuel in place of diesel for some vehicles and generators, which has proven successful. We are reviewing the infrastructure and supply change that is required to use HVO as an alternative to fossil fuels.

We continue to join global and UK industry partnerships to both learn from and support other companies with a similar approach for their fleets and to encourage efficient driving, eliminating unnecessary journeys.

OUR NET ZERO HUB



COLLABORATING TO CUT CARBON

To tackle our biggest source of direct emissions, we are in the process of transforming one of our waste water treatment works into the world's first Net Zero hub (the 'Hub'). Innovations that Severn Trent and our partners have successfully trialled in isolation will be put to the test at this site, ensuring that they are scalable and can work together seamlessly. From inlet, sludge digestion and gas production, to waste removal and clean water output, these pilots represent the cutting edge of carbon reduction and removal technology.

The Hub is being supported by £10 million from the Ofwat Innovation Fund and is the first innovation competition bid in Ofwat history to have the entire UK and Ireland water sector backing its submission. It is also part of a international Net Zero Partnership with Danish water company, Aarhus Vand, and Australian water corporation, Melbourne Water, and with additional funding support from the EU Horizon Europe Research Programme. A core principle of our partnership is to share learnings from our trials so the sector doesn't waste time and resources on duplication. Later this year, we will release further information on our core focus areas at the Hub.



HUB HIGHLIGHTS

Digital twin

A digital twin is a virtual copy of our physical sites and processes, programmed to act and react exactly as our real operations would under the same circumstances.

By creating a digital twin of a site, we will be able to simulate site conditions, run scenarios, test digital prototypes and optimise conditions. Results from these simulations help us minimise the carbon footprint and reduce energy and chemical consumption on our sites.

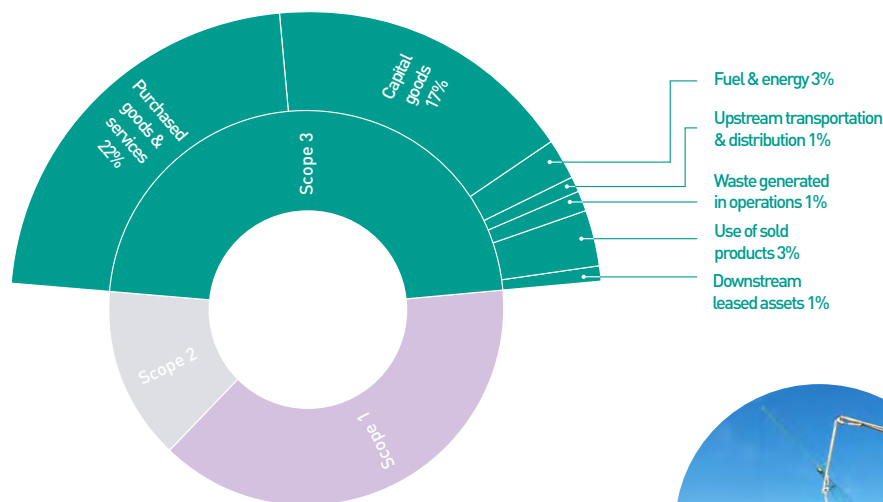
Resource extraction

Cellulose is a valuable commodity, which can either be put back into the economy or used as fuel, reducing our dependency on natural gas. We will be the first in the UK to implement this technology. By extracting cellulose, we are also lightening the burden of waste water treatment further downstream. This technology has passed feasibility and material usage testing, and it can now be implemented at scale in the Hub.

To address nitrous oxide emissions from secondary treatment, we are co-developing a passive cover which uses sunlight, titanium dioxide and activated carbon to break down the GHG into its harmless components. Further downstream, vacuum degassing, trialled by Scottish Water, improves the extraction of methane from digested sludge, which would otherwise have contributed to our emissions.

MEASURING OUR GROUP EMISSIONS CONTINUED

Our Scope 3 programme



Our Scope 3 emissions are equal to, or potentially greater than, our Scope 1 and 2 emissions combined, and the challenges inherent in reducing them will take time to solve. Our proportion of Scope 3 emissions will increase as we deliver the scale of investment planned for 2025 and beyond in line with changing regulatory standards and population growth, even with utilisation of more sustainable construction and operational techniques. We have a phased programme which will inform our plans to understand our Scope 3 emissions and be able to reduce them over the longer term.

Understanding and measuring our Scope 3 emissions

We know that data improvement is an important foundation of our reduction programme. Ofwat has also confirmed new requirements to report on embedded emissions from this year, which will grow in detail from 2025 onwards.

We have baselined our Scope 3 emissions and report against ten applicable GHG Protocol categories. We have robust data collection from business travel, energy transmission and distribution losses, and outsourced sludge tanker activity as part of our operational footprint.

The two biggest contributors to our Scope 3 emissions are purchased goods and services (of which chemicals make up c.31%) and capital carbon.



A FOCUS ON ENERGY MANAGEMENT

Energy became an even more important focus for us this year as prices rose to record levels. Our energy management policy and dedicated team and investment programme have enabled us to manage these pressures effectively during the year. We also established new communication campaigns focused on energy use management and expanded our flexibility approach to participate in the world's first National Grid Demand Flexibility Scheme to mitigate price rises.

This year we invested an additional £4.3 million in energy efficiency schemes and we have invested a total of £36 million over the last eight years. This includes proactive maintenance of our energy-intensive assets, such as pumps and air blowers, and investment in improved controls and monitoring to reduce energy use. Our energy management policy and programme reflects best practice outlined in ISO 50001, the international energy management standard. To reduce our operational emissions further, we continue to focus on improving our energy efficiency to offset the additional demands of a growing population and greater treatment to improve water quality.

£4.3M

Invested £4.3m in energy efficiency schemes this year

£36M

invested a total £36m over 8 years Invested £4.3m in energy efficiency schemes this year

ADDRESSING CARBON AND CLIMATE CHANGE IN OUR SUPPLY CHAIN

Collaborative engagement with our suppliers is critical to achieving success in reducing our impact, and for the second year running, we are pleased to have been recognised as CDP Supplier Engagement Leaders. However, capturing the data of our supply chain accurately, and consistently, is still a challenge.



Find out more about our emissions sources and performance in our Annual Report.



To drive improvement in reporting, we have supported suppliers to understand their Scope 1, 2 and 3 emissions, and are working closely with expert partners to test the use of activity data to improve accuracy and obtain Environmental Product Declarations ('EPDs') for key products. We are co-leading a data maturity project with the rest of the sector to address consistency in data capture, reporting and supplier expectations. Starting initially with chemicals, we aim to use our sector influence to drive improvement across a shared supplier base.

The next phase of delivery will be more challenging as we target a larger volume of suppliers who make a smaller contribution to our target of 70% of suppliers, by emissions, having Science-Based Target ('SBT'). Our leading approach to drive delivery against this target includes:

- Standard contract clauses for all new suppliers with requirement to report on emissions, set and deliver against a SBT and standard supplier selection questions.
- Continuous focus on training and awareness, i.e., briefing pack and lunch and learn sessions through the Supply Chain Sustainability School.
- Dedicated and personalised supplier engagement.
- Support to build capability, outline benefits and set SBTs, recognising suppliers are at different levels of maturity.



REDUCING EMISSIONS IN CAPITAL CONSTRUCTION

Our goal is to reduce embedded and operational carbon emissions through making informed decisions, and with environmental impact in mind. Our design teams are expected to consider the total carbon impact of all our projects, including materials and construction processes, across their operational lifetime. We aim to reduce total carbon emissions (embedded and operational) by 15% during the initial design process and a further 15% through later stages of our multi-stage design process.

We evaluate alternative materials and process design choices to aid the designs of our assets to include low-carbon materials. We continue to

trial new technologies, allowing us to build a robust portfolio of options such as algae treatment systems to reduce our reliance on chemicals, and using recycled plastic as an alternative to concrete haul roads.

We are developing our use of building information modelling ('BIM') to automate our carbon assessments. This will enable us to more accurately account for carbon and it will help identify the potential for alternative materials. We will continue to work with our designers and project managers to build knowledge and will introduce low-carbon materials selection tools for designers.

THROUGH COMMERCIAL MECHANISMS, TRAINING AND ONE-TO-ONE ENGAGEMENT, WE HAVE MADE GREAT PROGRESS AGAINST OUR TARGET:

Target:

70%

of our suppliers by emissions to set a Science-Based Target by 2026

Progress:

44%

of our suppliers (by emissions) have set a Science-Based Target for 2022/23.

Recognised



as CDP Supplier Engagement Leaders for second year in a row

ecovadis

Since its launch in 2022, 89 of our suppliers have been assessed through EcoVadis, giving us greater insight into how our suppliers are addressing their environmental impact and, more importantly, improving their approach.

MATERIAL ISSUE: WATER RESOURCES FOR THE FUTURE



MATERIAL ISSUE: WATER RESOURCES FOR THE FUTURE

COMMITMENTS AND PROGRESS

- **15% leakage reduction by 2025**
 - 9.2% reduction since 2020
 - On track, despite the impact of hot, dry weather
- **Per Capita Consumption reduction by 3.5% by 2025**
 - 2.8% increase since 2020
 - Although this measure has been a challenge post-COVID, we are still focussed on delivering the 2025 target



SDG 6 CLEAN WATER AND SANITATION



To find out more about how our material issues map against the SDGs please visit our ESG data book for more information.

Our Purpose, ‘taking care of one of life’s essentials’, is about much more than the services we provide to customers across our region.

Climate change and population growth continue to put pressure on water availability as demand increases.

Plans must be implemented now to ensure future water supplies for our customers. We are planning for the long term, moving our region toward a greater level of resilience and taking action to protect our natural sources.

Water resources management

Our Water Resources Management Plan (‘WRMP’) sets out how we intend to provide water to our customers over the next 25 years and beyond. Included in the plan is a 25-year demand forecast indicating how much water customers will need in the future, considering factors such as climate change and population. Our plan will deliver more sustainable sources of water supply and prevent future environmental deterioration.

Our plan also addresses per capita consumption reduction, an area where we have fallen behind in achieving our targets due to increased demand during the lockdown periods of COVID-19 and in summer 2022. Consumption has started dropping, but we’re not there yet. To reduce consumption further, we have ramped up the instalment of smart meters and are supporting our customers about water efficiency. We also engaged customers in a different way during the prolonged hot, dry weather experienced in 2022, communicating consistently through an extended period not just over the summer months. The Reduction Campaign was delivered on multiple media channels and activated a significant number of touchpoints with our customers. Find out more about WRMP in our TCFD disclosure, found in our Annual Report.

We can ask customers to think about their water usage, but Government intervention and regulations are needed to make a significant impact on per capita consumption. There are currently no incentives or schemes in place to drive reduction, and without clear and immediate benefit, it is difficult for customers to moderate their daily water use.

Drought response

In light of these challenges and the expected pressures on our future water supplies, we published our 2022-2027 Drought Plan. It sets out how we will provide a continuous supply of drinking water to our customers during a drought, as well as our approach to water conservation and water-saving tips. This plan helps us and our stakeholders make the right decisions at the right time, balancing the interests of customers with environmental challenges and wider economic impact.



GREEN RECOVERY PROGRAMME: CHURCH WILNE

To help secure our water supplies for the future, and in addition to the floating wetlands at Church Wilne, we are building a new water treatment works in Derbyshire. Currently, we are preparing the site for construction and we expect the site to be up and running by spring 2025. This site will help us produce an additional 89 million litres of water every day, enough to supply a city the size of Derby.



Find out more about this project on our website.



Let's bring
together your
fire and our water.



WAVEMAKERS INNOVATION CHALLENGE

This competition invites participants to find a solution for one of the key issues facing the water industry. Designed to nurture entrepreneurial talent in the community, the challenge is open to anyone aged 16 years or over who lives in the Severn Trent area. Winners can choose either a free university course or £2,000 cash prize towards supporting their development.

Wavemakers participants attend a one-day entrepreneur bootcamp. They then put their skills to the test in responding to the specific challenge, with industry experts on hand to offer advice and support.

Last year, they were tasked with innovating to improve water efficiency around the home. The judging panel included Severn Trent CEO, Liv Garfield, Chief Engineer, Bob Stear, and Water Innovation Technology Architect, Kieron Maher, alongside representatives from Aston and Coventry Universities.

Kia Sandhu's 'Bath 2 Bog' idea won the top prize. Her innovation reuses water from the shower drain to flush the bathroom toilet. Our runner-up, engineering graduate Shivansh Saxena, has since joined the Severn Trent team as a technical expert.



How we use water at home wasn't something that I'd really thought about before, but with climate change and population growth putting pressure on supplies, it's really important that we all think about how we can save water and use it more efficiently."



Kia Sandhu, Wavemaker Winner

PARTNERS WITH PURPOSE

By working together with organisations dedicated to conserving and protecting our water resources, we are able to support innovation and have greater impact.



IDLE VALLEY NATURE RESERVE

The Idle Valley Nature Reserve, near Retford in Nottinghamshire, is the largest site cared for by Nottinghamshire Wildlife Trust at 375ha. It is of core importance to the county with nationally rare wet grassland, wet woodlands, reedbed, wood pasture, marsh and old grazing pastures. The majority of the reserve is designated as a Site of Special Scientific Interest ('SSSI') for its breeding and overwintering wildfowl and waders. Severn Trent funding has enabled Nottinghamshire Wildlife Trust to deliver a transformation habitat management programme across c.70% of the site including targeted habitat enhancements for key species including turtle dove in line with our Wilder Idle Valley vision. We have installed much needed water level management structures, expanded and refined our conservation grazing programme and undertake significant scrub management, including efforts to combat scrub and encroachment on reedbed habitat. Ongoing monitoring has also led to the creation of several opportunities for Masters and PhD researchers in species recovery at Nottingham Trent University.



NO DIG PIPE REFURBISHMENT

Developed with REWASE

Severn Trent has a vast network of pipes that supply water and remove waste for millions of customers. A network on this scale needs continual repair and maintenance to make sure it can deliver a reliable and high-quality product to customers, as well as minimising leakage. Digging up pipes is expensive, which can have an impact on our customers' bills.

We worked with an external partner to use its glass-reinforced polypropylene pipe lining material. This innovation makes it possible for us to fix leaking pipes without digging them up and the installation process can be completed within an hour, minimising disruption to traffic and public inconvenience. It is projected to be 40% less expensive than the technology currently in use and only reduces pipe volume by c.5%, compared to the 25% loss with pipe insertion.

new innovation predicted to be

40%

less expensive for customers



DARK FIBRE LEAKAGE DETECTION

Leakage from the network can result in failure of pipes and loss of supply to customers, causing severe disruption and endangering public safety through flooding.

The use of fibre optics, installed within the water mains, is a highly effective and accurate leakage detection technique, but installation is complex and expensive. This project aimed to activate unused optical fibre strands (dark fibre) within the existing cable networks for leak detection and provide additional information about our network. Dark fibre leakage detection is a low-cost and accurate way of quickly and accurately detecting leaks and quickly restoring supply to customers. The trial has successfully detected leaks within 5m and ground moisture saturation changes within 20m using dark fibres. Further operational trials are planned for later in 2023. This project was funded by a successful Ofwat Innovation Fund bid and we have secured a second round of funding for 2023.

can detect leaks within

5m

MAKING THE MOST OF OUR RESOURCES

In the water sector, turning waste into resource is fundamental to long-term success.

We have led the industry in this space for decades, and we continue to pursue innovations that produce value through energy production and circular economy.

Turning waste into resources and energy

One of our biggest waste streams is sewage from homes and businesses. For decades, we have used this waste to generate renewable energy, and we are currently the UK leader in biogas production from sludge through anaerobic digestion ('AD').

We will continue to invest in expanding and improving our AD operations, including upgrading from conventional digestion to a Thermal Hydrolysis Process ('THP'). This uses heat and pressure to break down the sludge before digestion, resulting in a more efficient process, an enhanced product and higher gas yields.



SEVERN TRENT GREEN POWER

Our award-winning food waste and green waste recycling business Severn Trent Green Power is the UK's largest producer of renewable energy from food waste.

Over

500,000

tonnes of green and mixed food waste is recycled each year

9

AD sites this financial year:

- 89 GWh of green gas exported
- 170 GWh of electricity generated

Severn Trent Green Power also announced the acquisition of Andigestion Limited in February 2023, which is subject to clearance by the Competition and Markets Authority ('CMA'). The acquisition will bring an additional 45 GWh of energy generation output every year and will give ST Green Power new reach into Southwest England covering major cities like Bristol, Gloucester and Exeter, in turn helping more businesses to process and recycle their food waste into renewable energy.

Getting more value out of waste

Waste can also be turned into resources that have market value and deliver environmental benefits. The biosolids are sent to agricultural land as a more sustainable fertiliser option. Our food waste plants produce a digestate rich in nitrogen, potassium, phosphate and other trace elements that are highly valued agricultural commodities, as well as cellulose. Our composting facilities produce a soil improver that is PAS 100 certified and Compost Quality Protocol certified.

We have delivered a range of demonstration scale trials of other sustainable solutions for nutrient removal such as ion exchange and algal bioreactors. Learn more about these trials [here](#).

As we develop more efficient ways of extracting valuable products from waste, we increase our investment in circular economy principles that are better for people, planet and profit.

As a sustainability-led organisation, we must use resources more efficiently and embed the opportunities of the circular economy more deeply. This not only makes us more self-sufficient and lowers costs, it also lessens our impact on the environment and the pressure we place on natural resources. Embracing the opportunities that global innovation will yield in the future will be of primary importance.



INVESTING IN CIRCULAR ECONOMY

Our overall ambition is to embed and apply circular economy principles across the business:

- Identify opportunities to use less at design phase
- Source necessary materials responsibly
- Recover resources and energy from waste water
- Repair and extend the life of assets where possible
- Recover, regenerate and create value from waste

Waste and circular economy in our supply chain

This year, we will continue exploring ways to reduce the level of waste created by our operations through construction, maintenance activities, energy use, hardware and asset replacement cycles. We are thinking differently about the solutions we ask our supply chain to deliver and who we choose to work with in the future.

We rely on our suppliers to provide timely, and accurate, data for us to make informed decisions, however this is sometimes challenging. As such, we will be mandating quarterly data to be provided. The average diversion rate from landfill based on the data we have sits at around 90% and this year we have completed verification to an ISAE 3000 Standard for the majority of waste streams via an independent third party. Whilst not all waste streams obtained verification this year it has brought additional focus to close gaps highlighted in our waste management report. Landfill diversion remains a key priority for Severn Trent, reducing waste generation through circular economy initiatives, recycling and sustainable procurement are paramount. We have been working to baseline our waste data across Severn Trent and Hafren Dyfrdwy supply chains to understand opportunities and areas for improvement, and we are developing our approach to circular economy within the supply chain. This includes improving visibility across our capital projects to understand our waste data and explore resource.

We have begun to identify improvement opportunities for reducing our consumption of goods and what we send to landfill. One trial focuses on reusing all suitable personal protection equipment ('PPE') handed back from any employees leaving the Company, giving us an opportunity to reduce the amount of new PPE that we buy and the amount sent to resource-derived fuel plants.

Within the next twelve months, we will identify opportunities to reduce waste at source by mapping out our supply chain to better understand what we procure and how much. Our aim is to implement targets with our suppliers around waste reduction and embed circular economy principles throughout our procurement processes. We are also continuing to develop our approach to plastics throughout our supply chain and will set a clear policy around single-use plastic within our supply chain to drive reduction.



HELPING PEOPLE TO THRIVE

Overview

We believe in making a positive difference in people's lives. Our new Societal Strategy delivers on our continued commitments to increase life chances in our most underserved communities and to ensure that our service is affordable for everyone. We support a positive culture within our business as well, investing in skills and knowledge for our employees and providing a fair, diverse and inclusive, and safe workplace.



Supporting our communities

Launched our Societal Strategy – to support those in water poverty

Increased our 'affordability' support offer by £30 million

Over £2 million invested into communities within our region through our Community Fund in 2022/23

PRIORITIES AND PERFORMANCE

Progress key

● on target

● in progress

● achieved

○ off track

MAKING A POSITIVE DIFFERENCE IN THE COMMUNITY



Influencing change in our communities is vital to being a purpose-led business. We continue to explore bold and ambitious ways to make a positive impact

GOAL

Community Fund to donate £10 million over five years

PROGRESS

£7.6 million donated



GOAL

300 work experience placements by August 2023

PROGRESS

259 placements completed



DELIVERING AN AFFORDABLE SERVICE FOR EVERYONE



Post-pandemic, our world has changed. Cost of living and other factors are placing pressures on greater numbers of people, making our support vital

GOAL

Support 42% of customers who struggle to pay their bill

PROGRESS

52% of customers who struggle to pay their bill supported



GOAL

Support 315,000 customers to join our affordability schemes by 2025

PROGRESS

237,069 customers supported to date



INVESTING IN SKILLS AND KNOWLEDGE



Enhancing skills can accelerate employability and earning potential, boosting social mobility and ensuring our people can thrive

GOAL

Deliver 100,000 hours of employability training by 2023

PROGRESS

71,259 training hours delivered



GOAL

To engage with 7000 young people across our region for 22/23

PROGRESS

8,479 young people engaged



PROVIDING A FAIR, DIVERSE AND INCLUSIVE AND SAFE PLACE TO WORK



Building a workforce and creating a culture that reflects the communities we serve

GOAL

18.9% of employees from minority ethnic backgrounds

PROGRESS

11% of our employees are from ethnic minority backgrounds



GOAL

35% female employees

PROGRESS

28.9% of our employees are female



MAKING A POSITIVE DIFFERENCE IN THE COMMUNITY

As part of our approach, we are focused on eliminating water poverty and driving generational change in the lives of those most in need.

INTRODUCING OUR SOCIETAL STRATEGY

Last year, we set out our societal ambition to give 100,000 people in, or at risk of, water poverty the tools to improve their life chances.

Many in our communities are impacted by the current economic challenges, as well as problems that remain in the wake of the pandemic. The resolve to end water poverty in our region is more important than ever, and we are taking steps to keep people out of water poverty and have a positive impact on their life chances. Our new ten-year Societal Strategy lays out our plans for achieving that goal; encompassing affordability, diversity and inclusion ('D&I'), employability and community support. We aim to prove that building up our communities is in the best interest of everyone, and to inspire other businesses to take similar steps.

Staff volunteering

Volunteering is a great way for our staff to make a positive impact in the community. Each individual is allocated two volunteering days per year. Our staff take on a variety of roles supporting both people and places. As part of our Societal Strategy we aim to create more opportunities for staff to volunteer.

SOCIETAL STRATEGY AMBITION

By 2032, we want to give 100,000 people in, or at risk of, water poverty the tools to improve their life chances, through access to high-quality employment-related training and career opportunities.



MEANINGFUL WORK EXPERIENCE

We've increased the number of opportunities to 300 and developed new work experience opportunities. Young people can choose between a traditional work experience week or to join a Discovery Day.

EMPLOYABILITY TRAINING IN SCHOOLS

We've developed a new bespoke schools offer and set up new partnerships with eight secondary schools in East Birmingham and three in Derby.

ACADEMY POP-UPS

We are working with community groups in East Birmingham and Derby to 'pop-up' with our free employability skills training.

MENTORING YOUNG PEOPLE IN PRISON

In parallel with our place-based approach in East Birmingham and Derby, we are working with a specific group of young people not in education, employment, or training ('NEET') in partnership with Trailblazers.

Building a legacy

Over decades, we have built relationships with people and groups throughout the Midlands. We hope that the launch of our Societal Strategy will strengthen those community partnerships and start new conversations. As we look to the future, our Societal Strategy will help us coordinate our efforts and ensure that programmes, schemes and tools are all serving our ultimate ambition to improve the lives of 100,000 people in our region.

As an essential service provider, we offer wide-ranging affordability assistance in response to immediate needs, but we also want to open new opportunities for the communities we serve. In addition to our existing range of support schemes, we have added initiatives that operate 'upstream' to address the issues that impact water poverty, with the aim of preventing the need for affordability schemes to support further down the line. These include school work experience programmes, employability training and upskilling for young people and individuals, opening up job opportunities that may otherwise have been out of reach.

Our place-based approach

To make the greatest impact on the populations who need it most, we are piloting our place-based approach in two geographic areas, East Birmingham and Arboretum in Derby, areas chosen for their high indices of multiple deprivation in densely populated areas. With this pilot, we hope to demonstrate that concentrating our efforts in specific locations helps to regenerate communities and provide long-term economic growth, in addition to the improvement of individual lives.

In coming years, we will roll out across other locations as we work toward our ten-year goal. We are aiming for significant and quantifiable change within this period, which will only be possible if we collaborate with other stakeholders. We need to work in partnership with corporates, the public and the third sector to achieve the ambition of regenerating geographic areas by addressing their specific societal needs.



OUR COMMUNITY FUND IN ACTION

Since 1993, JERICO has supported more than 8,000 people with complex barriers to social inclusion and economic participation to become fulfilled, skilled and employed.

The Foundation has made a huge difference to a generation of people in the bustling area of East Birmingham.

In 2022, JERICO was awarded a grant of £74,999 by our Community Fund to expand its Balsall Heath community kitchen and training facilities for its vegetarian / vegan catering social enterprise, ChangeKitchen. Its partnered social enterprise, Jericho Construction, carried out the works, which were recently completed. ChangeKitchen is fulfilling its purpose and cooking up change in its supercharged community kitchen and training facility.



This funding is an absolute game changer for JERICO and our family of social enterprises. It has enabled ChangeKitchen to significantly scale up operations and deliver class-leading levels of social and environmental impact.



Richard Beard
CEO, JERICO

MATERIAL ISSUE: AFFORDABILITY AND ACCESSIBILITY



MATERIAL ISSUE: AFFORDABILITY AND ACCESSIBILITY

COMMITMENTS AND PROGRESS

- £30 million package of financial support for customers most in need
- Priority Services Register – 9.7% of customers registered by 2025
 - Currently 7.7% on the register
- Affordability Schemes
 - 237,069 customers supported with their bills. Expanding to support an additional 100,000 customers, total target 315,000



SDG 1 NO POVERTY



To find out more about how our material issues map against the SDGs please visit our ESG data book for more information.



INVESTMENT AND JOB CREATION

- Real Living Wage for Severn Trent and supply chain staff
- Green Recovery targeted on areas of deprivation

Over
3,000
Green Recovery jobs



SUPPORTING OUR COMMUNITIES

- Over £2 million donated through our Community Fund this year

116
projects supported through our Community Fund this year



NATIONAL SUPPORT SCHEMES

- WaterDirect
- WaterSure
- Free meter switching
- Auto-enrolment during COVID-19
- Water efficiency checks
- Priority Services Register

DIRECT SUPPORT FOR CUSTOMERS

- Big Difference Scheme
- Free repairs of burst private pipes for vulnerable customers
- Payment plan concessions
- Payment breaks
- Matching plus arrears support
- New customer journeys for late payers
- Care Leavers Scheme
- Water health checks

132,296
customers helped this year through our Big Difference Scheme

SOCIETAL STRATEGY, TRAINING AND EDUCATION

- 340 Kickstarters since launch
- Pop-up hubs
- Hawksley Park Academy
- Work experience in socially-deprived areas
- 263 apprentices and graduates each year
- 60 #10000BlackInterns placements this summer
- Lessons in

140
schools



WORKING WITH PARTNERS

- Identifying customers in need with local authorities
- Identifying customers in need with the Department for Work and Pensions
- Visiting foodbanks, community centres and outreach centres
- Bringing together agencies
- Working with Kidney Care UK
- Household Support Funding received, allowing grants to be paid.

MATERIAL ISSUE: AFFORDABILITY AND ACCESSIBILITY CONTINUED

Across our region, 6% of the population is in water poverty.

We aim to make bills more affordable for customers who are in water poverty and last year increased our support fund by an extra £30 million to accelerate this ambition through a variety of direct and indirect support schemes.

Keeping bills down

We're proud to continue to offer one of the lowest bills in the country, at an average of £1.15 per day, and we've committed to growing our bill by less than inflation for 2023/24, as we don't want anybody to fear their water bill.

Supporting those who need it

We are expanding our Big Difference Scheme social tariff to a further 100,000 households by 2025. Anticipating the growing cost of living pressures, we announced a new £30 million affordability package in May 2022. This will allow us to help a further 100,000 people to reduce their water bill by up to 90% through our social tariff. Having previously simplified the social tariff qualifying criteria, we have since raised the household income threshold twice in the past twelve months from £16,480 to £20,048. We are on track to support 315,000 customers with 237,069 customers benefitting from support on their bills already. The Chartered Governance Institute ('CGI') awarded our Affordability Strategy 'ESG initiative of the year' in November 2022.

We are improving accessibility

We are focused on being there for our customers – 24 hours a day, seven days a week – through whatever channel they choose. Throughout the year, we have continued to improve our online platform to ensure our digital offer continues to meet our customers' changing needs and provide the best experience possible for them. Earlier in the year, we introduced the capability to allow our customers to switch to a meter via our website and, since October 2022, over 10,000 customers have used this service.

Exceeding our targets

Taken together, we were supporting over 237,000 customers financially in April 2023, well ahead of our 190,000 annual target. With our expansion of the Big Difference Scheme, we expect to be helping around 315,000 of our most financially vulnerable customers by 2025. This will take the proportion of our customers we are helping to around 6%, in line with the number of customers assessed as living in water poverty in our region. We make it clear to our customers that we don't want anyone to be struggling to pay and will absolutely look to increase the proportion we help if needed.

Reaching our customers through collaboration

We are working extensively with partners including local authorities, the Department for Work and Pensions ('DWP'), housing associations, charities and foodbanks to identify customers who are struggling and to increase awareness of the support we provide. We are working with local authorities to proactively identify customers in financial hardship to passport these customers directly onto our schemes. This has enabled us to directly support those customers who might not engage with us through our usual channels and remove any barriers that the application process might create. We are currently working with several local authorities to help allocate water grants made available through the Government's Household Support Fund and have proactively approached every other local authority in our region with a similar offer. Through community

events, we are able to bring together advice and support agencies for customers in the local communities most in need of support.

We are also building awareness of our affordability schemes using the launch of our Societal Strategy across radio, social media, the press and targeted emails to reach those we believe are most in need through our winter campaign that was live between November 2022 and March 2023. Our Societal Strategy is also highly collaborative and we will be working with local authorities, community groups and schools in long-term relationships for up to ten years.



SUPPORTING CUSTOMERS IN VULNERABLE CIRCUMSTANCES

We promote innovations that support our customers who are struggling. We have been working in partnership with the Consumer Council for Water and three other companies on the Ofwat Innovation Fund project 'Supporting customers in vulnerable circumstances'. The pilot used behavioural science to improve engagement with hard-to-reach customers and communities. These are the people who might not have the language or capabilities to contact us in a time of crisis when they need support. In December 2022, we launched the 'Engaging hard-to-reach, vulnerable customers' playbook to the sector. The playbook sets out our learnings on how to engage hard-to-reach, vulnerable customers.



CARE LEAVERS SCHEME

Young people leaving care and moving to independent accommodation can face challenges as they begin to manage their own finances. Following the success of the Care Leavers Scheme trial in Coventry, Derbyshire County Council partnered with Severn Trent to deliver it in its area. This programme offers access to the Big Difference Scheme, which helps low-income customers who struggle to pay their bills. Hundreds of Derbyshire residents aged 18 to 24 years old will see reductions in their average yearly water bill by 70% when they leave care.

Our Care Leavers Programme is now offered to eight local authorities and we are actively working to extend it to all local authorities in our region. Our ambition is to broaden the support we offer to this group beyond financial support, such as by offering employability training.



We're committed to helping our young people and will continue to develop initiatives like this business partnership to ensure their move to independent adult lives is as successful and enjoyable as possible. It's a big move and we want to make sure each one of them is supported every step of the way.



Councillor Julie Patten
Derbyshire County Council

INVESTING IN SKILLS AND KNOWLEDGE



EMPLOYABILITY

COMMITMENTS AND PROGRESS

- **Target: deliver 100,000 employability training hours by 2023**
- 71,259 training hours delivered, on track to meet target
- **Recruited 53 Graduates and 210 Apprentices**
- **80 people enrolled on our Future Leaders programme**
- **26 community partnerships delivering employability training. The partnerships cover a range of people who are struggling to find work, such as refugees, the disabled, young people not in employment, and vulnerable men and women**

This year, we connected with and supported 8500 young people across our region, raising the profile of careers in the water industry and the aspirations of students.

One of the most impactful ways to improve people's life chances is to provide a broader range of opportunities and the tools they need to access them. As a large employer and a local business, we are committed to helping our colleagues and our communities realise their full potential. Through our Academy, we support skills regeneration and career mobility, particularly in the communities that need it most, via New Talent programmes, careers guidance and work experience schemes. Our Societal Strategy launch has helped us focus our efforts, working alongside partners and community leaders, to deliver a lasting legacy.

8,500 young people engaged

Young people who do not participate in work experience are 86% more likely to be NEET (not in education, employment, or training).

Work experience is critical to the delivery of our Societal Strategy – increasing people's life chances now, and for generations to come. That's why we relaunched our programme and updated our offer, partnering with schools and colleges to deliver opportunities for students at every stage, from school age through to university. Through this programme, we are also building a stable pipeline of diverse and highly skilled talent.



DISCOVERY DAYS

Discovery Days make it possible for students to dive into these areas and learn what it's really like to work in operations. One of the participants from last year went on to apply for an operational apprenticeship with us and was successful on gaining a place on the programme.

4.7

out of 5 (average) students rated the experience as excellent.

56%

of this year's participants were female and 43.25% were from a minority ethnic background.



I was 16 when I attended the Operational Discovery Day at the Academy. I had no idea what I wanted to do out of school. I had a chat with my Careers Advisor and he told me about operational apprenticeships, so I applied to Severn Trent. At the Discovery Day, I was amazed by the Company and how much it has to offer and I was really excited. I wanted to give my all to my interview, so I attended the free employability training to build my presentations skills. I was so amazed when I was offered my apprenticeship. I joined in August and I've learnt so much already from my mentor and colleagues. I have goals to progress beyond my apprenticeship and I'm excited about my career at Severn Trent.



Braydon
Apprentice Assistant Water
Network Technician

INVESTING IN SKILLS AND KNOWLEDGE CONTINUED



T-LEVEL PILOT

We're a strong advocate for Technical Education, which is why we're pleased to be hosting our first cohort of T-Level students for their industrial placement. The students are studying either Digital Support Services or Design and Development for Engineering and Manufacturing at College.

T-Levels have recently been introduced by the UK Department for Education ('DFE') as a vocational route for students that is comparable to three A-Levels. Students receive occupation specific training with a pathway onto an apprenticeship or onto university. A fundamental part of the course is for students to complete a 45 day industrial placement with an employer and we are delighted to be creating these placement opportunities.



It's great getting an insight into how the Technology department runs. My future aspirations are to learn as much as possible in each department and be an asset to Severn Trent during my placement.



Aran
T-level Student

50

students hosted during
National Apprenticeship Week



New Talent Programmes

Providing a variety of entry routes into our organisation is an important part of our employability strategy. For example, our New Talent Programmes provide an opportunity and structure for individuals at the start of their career or who wish to change career to gain skills for life that will lead them into a highly skilled, well-paid career. This year we have created our largest and most diverse range of programmes, including 210 apprenticeships and 53 graduate roles. This is reflected in the range of individuals that apply for our programmes, including our highest number of under 18s, a broader range of mature apprentices, and internal colleagues who wish to pursue a different career. We recognise the importance of reflecting the communities we serve and we are really encouraged to see that 33% of our new talent has joined us from social mobility cold spots this year.



For more information on our
New Talent programmes.



Educating children about water

To celebrate our role as the Birmingham 2022 Commonwealth Games Official Nature and Carbon Neutral Partner, we ran a coordinated Commonwealth Games Education Programme ahead of the event, including fun competitions to engage younger groups.

'Top of the Drops' song-writing competition

This initiative engaged primary schools in our region to write songs about staying hydrated and reducing single-use plastic waste:

- 23 schools involved
- 40 additional schools booked future visits from our Education Team
- £1,000 of music vouchers awarded to the winning school and three runners-up

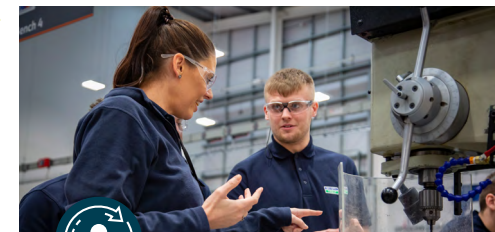
'Upcycling' competition

We asked pupils to use recycled plastic bottles and other materials to make something that someone might find in one of our Tiny Forests. The submitted entries were showcased in a grand display at our Water Refill Stations.

12

schools involved

We also took the opportunity to transform our Education 'Digi-Bus' so we were able to take children on a virtual tour around the Commonwealth, learning about how different countries use water. Children were able to 'visit' Singapore, Mozambique and Australia through animated video content to understand more about their water usage and challenges.



SCHOOLS WORK EXPERIENCE PROGRAMME

Students from disadvantaged backgrounds are much less likely to secure a work experience placement, due to lack of knowledge, connections, confidence and career support. We are delivering, and will continue to offer, work experience by partnering with schools in the highest areas of deprivation in our region. Aimed at 14-18 year olds at school or college, we are creating 300 work experience opportunities by August 2023.

While we encourage and support our colleagues who wish to bring their own children or relatives into Severn Trent for work experience, going forward, we will be asking them to create a work experience placement for a less advantaged student in return so we can continue to create opportunities for those who need it most.

As well as on-site work experience placements, this year we've launched our first virtual work experience programme in partnership with SpringPod. We hosted an online work experience week with over 300 students enrolling to take part. Our programme provides students with interactive workbooks, activities and the ability to hear career talks from inspirational colleagues. The full suite of resources is also available to access on demand at any time.

PROVIDING A FAIR, INCLUSIVE AND SAFE PLACE TO WORK



PROGRESS ON OUR STRATEGY

COMMITMENTS AND PROGRESS

- We have increased our long-term target from 14.1% to 18.9% based on latest census data for our communities
 - 10.99% of our employees are from ethnic backgrounds
 - **35% female employees**
 - 28.94% of our employees are female
 - **People from different backgrounds treated fairly 8.0/10 from QUEST survey global benchmark**
 - 9.0/10 score from all-employee survey
- N.B. Diversity data does not include our Green Power business because the data collection systems are not yet aligned

We believe that the steps we are taking to build a workforce that reflects the communities we serve will create more opportunities for under-represented groups now, and for future generations.

In September 2021, we launched 'Wonderfully You', which set out our diversity and inclusion ('D&I') ambition and how we would measure progress. Our D&I ambitions are two-fold:

1

Creating a workplace that's fair for all

A fair working environment is one where everyone has the opportunity to succeed, regardless of their age, ethnicity, gender, physical or mental wellbeing, religion, sexual orientation or socio-economic background.



2

Building a workforce that reflects the communities we serve

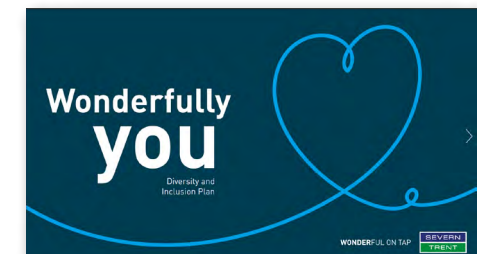
Only when we have a range of backgrounds, experiences, opinions and value sets in our organisation can we comfortably put ourselves in the shoes of our customers. So, our diversity ambition is to have a workforce that reflects the communities we serve.

From day one, we want every employee to have a brilliant experience throughout their Severn Trent career journey. For us, an inclusive workplace is one where all our people are treated fairly every day and feel fully able to bring their entire selves to work. Improvements in diversity, equity and inclusion in a predominantly white, male industry, require long-term planning and a sincere desire to drive change through education, engagement and positive action.

Our D&I Plan – 'Wonderfully You'

We are working hard to create a fair environment and an inclusive culture. Find out more about our plans and how we are implementing them, including information on our Employee Advisory Groups, family-friendly policies and support in addressing difficult topics, in the Wonderfully You Diversity and Inclusion Plan and Annual Report.

At Severn Trent, we positively celebrate diversity and inclusion, and want to create meaningful opportunities for individuals from all walks of life.



For more information on our Wonderfully You Diversity and Inclusion Plan here.

PROVIDING A FAIR, INCLUSIVE AND SAFE PLACE TO WORK CONTINUED

OUR D&I AMBITION

DIVERSITY: TO REPRESENT THE COMMUNITIES WE SERVE

INCLUSION: TO CREATE A FAIR WORKING ENVIRONMENT FOR EVERYONE

At Severn Trent, we celebrate diversity and inclusion, and embrace individuals' contributions, no matter what their age, gender, race, ethnicity, disability, sexual orientation, social background, religion or belief. Having a culture that enables individuals to truly be themselves is a vital part of our future success.

Success means we can feel comfortable that we are tapping into every available talent pool in our community, and that we can best serve our customers because we understand their needs. We measure our progress through our annual engagement survey and monitor the parity or disparity between different characteristics.







We are proud of our track record on gender diversity, and following our announcement that Helen Miles would succeed James Bowling as CFO effective 6 July 2023, Severn Trent will become the first company in the FTSE100 to have a female Chair, CEO and CFO.



WE LAUNCHED OUR D&I PLAN 'WONDERFULLY YOU'




In September 2021, we also committed to long-term gender and ethnicity D&I targets for the first time. This is our progress so far:

– Score held steady from previous year  Improved score from previous year

DIVERSITY	2020/21	2021/22	2022/23	LONG-TERM TARGETS	WATER INDUSTRY**	WASTE INDUSTRY**
Female	28.93%	28.96%	– 28.94%	35%*	28%	20%
Ethnic Minority	9%	9.82%	 10.99%	18.9%	7%	6%
Asian or Asian British	6.1%	6.53%	 6.97%	10.93%		
Black, Black British, Caribbean or African	1.41%	1.61%	 1.93%	3.54%		
Mixed or multiple ethnic groups	1.27%	1.42%	 1.68%	2.72%		
Other ethnic group	0.20%	0.26%	 0.41%	1.71%		
Not Stated	7.23%	5.28%	 6.37%	N/A		

* We're completely committed to increasing the number of women we have working for us, but we're equally realistic that a good proportion of our roles are operational. Some of these are extremely physically demanding and we have always found these harder to fill with women. We're determined to help bring about change and feel 35% is a bold target for right now that will help us achieve that.

** Data from Energy & Utilities Sector Profiles 2022.

INCLUSION	2021/22 (FULL QUEST SURVEY)	2022/23 (FULL QUEST SURVEY)
Engagement Score	8.2 (+0.9 on global benchmark)	 8.4 (+1.0 on global benchmark – Top 5% of Energy & Utilities)
Equality Score	8.8 (+0.9 on global benchmark)	 9.0 (+1.0 on global benchmark – Top 10% of Energy & Utilities)
Diversity and Inclusion Score	8.7 (+0.6 on global benchmark)	 8.9 (+0.8 on global benchmark – Top 5% of Peakon)

PROVIDING A FAIR, INCLUSIVE AND SAFE PLACE TO WORK CONTINUED

GENDER DIVERSITY

We are proud of our track record on gender diversity, and we were delighted that Severn Trent was recognised as a Top 3 FTSE100 company for representation of women on the Board in the FTSE Women Leaders Review 2023. At Severn Trent, we are passionate about everybody bringing their whole selves to work and particularly diversity in gender. To support our gender diversity, we continue to promote careers at Severn Trent through inspirational internal and external events, for example hosting female students at our Academy on International Women in Engineering Day and a panel event for colleagues on International Women's Day. This year we've launched a mentoring/coaching scheme aimed at supporting females with careers in STEM & Operations, and we've had positive uptake so far.

Find out more about roles Women have in Water Treatment by watching this video.



Supporting D&I from the start

Diversity in the water industry continues to lag behind other fields. Our Societal Strategy seeks to address that in part by offering education and internship opportunities to young people from diverse backgrounds and life experiences. New initiatives such as the #10000BlackInterns programme and long-standing partnerships such as our Herewood and Derwen College programme have seen great results and have led to a number of hires within Severn Trent.

It's also important that as one of the biggest employers in our region, and a science, technology, engineering, and mathematics ('STEM') employer, we are a force for good, breaking down myths, stereotypes and barriers so that we can influence the life chances of future generations. Read more about how we're making our workplace a more inclusive and diverse place to work later in this section.

Employee D&I data collection

We can't fulfil our ambition of building a workforce that reflects the communities we serve without knowing the make-up of our employees. To improve our understanding of our current diversity, we launched our 'About Me' data campaign last September to create awareness and provide support in filling employee D&I data forms. Our target is 70% uptake, and we are currently at 53.46%. We will continue to communicate the benefits to our employees, as well as the safeguarding that we have in place to protect their privacy.

Creating a fair working environment

For the past five years, we have released our gender pay gap data, in line with our commitment to accountability and transparency. This year, we have published our very first combined Gender and Ethnicity Pay Gap Report, detailing our progress on gender equity and setting a baseline for our work to close the ethnicity pay gap.



The difference in hourly pay between male and female employees in 2022:

Median 9.4% Mean 2.9%

This means that the median hourly pay for male employees was 9.4% higher than for female employees, and the average hourly pay was 2.9% higher for male employees.

The difference in hourly pay between white and ethnic-minority employees in 2022:

Median 4.1% Mean 5.7%

This means that the median hourly pay for white employees was 4.1% higher than for ethnic-minority employees, and the average hourly pay was 5.7% higher for white employees.

Our pay structure is strictly based on role and is externally benchmarked, so the best way to eliminate these pay gaps is to train and recruit diverse talent into roles throughout the organisation. We are actively encouraging more women and ethnic minorities into a range of careers in the water industry through our student and community outreach programmes. Our Women in STEM & Ops and Ethnicity Advisory Groups also engage in outreach activities, such as the #10,000BlackInterns programme, details of which can be found on page 45 and in our Annual Report.



Find out more in our 2022 Gender & Ethnicity Pay Gap Report.



As a large regional employer we are invested in supporting the communities we serve and passionate about helping the people in our region.



Neil Morrison
HR Director

NURTURING AN INCLUSIVE WORKPLACE CULTURE

D&I is an important part of our Values and we encourage everyone to be proud of their differences, to be curious and learn more about each other, to care about each other and have the courage to challenge inappropriate behaviours.

Our Employee Advisory Groups create a voice for under-represented groups and their allies, offering support, guidance and a sense of community, whilst helping to engage and educate our colleagues, raising awareness of the issues and barriers faced by under-represented groups and driving best practice.

To support them and our colleagues further, we launched our very first 'Wonderfully You' inclusion champions event in 2022, bringing together colleagues from across the business. It includes:

- Why D&I is important and how to create an inclusive environment
- Our Wonderfully You D&I Ambition
- How we are working together to achieve our ambition, including an introduction to our four Advisory Groups: Disability, Ethnicity, LGBTQ+, Women in STEM & Ops
- Skills session on challenging inappropriate language or actions
- Brilliant colleague speakers sharing their personal experiences

At the end of the event, everyone is given the opportunity to sign up to become a Wonderfully You Inclusion Champion. So far, we've had 250 employees sign up.

Tortoise

14th on equality

out of the FTSE100
The Tortoise Responsibility Index (2022)



5th in Social Mobility Index



23rd in Stonewall

Workplace Equality Index (2023) –
Top 100 and Gold Employer



Level 2

Disability Confident Employer



3rd

For Women on the
Board (2023)

21st

For senior female
representation (2023)



4th year in Gender Equality Index

with our highest ever score



NURTURING AN INCLUSIVE WORKPLACE CULTURE CONTINUED



RACE EQUALITY WEEK

We heard from our Ethnicity Advisory Group members, during Race Equality Week, as to why it this week is so important to us. We shared our powerful #MyNameIs campaign, hearing from colleagues across our organisation regarding their views on why getting someone's name right is more important than we might think. We also broadcast an insightful podcast conversation about why recognising someone's skin colour and race is key to making change happen.

[Find out more about our 'My Name Is' campaign by watching this video.](#)

Supporting employees with disabilities

Severn Trent is a Disability Confident employer Level 2, indicating that we have conducted and passed a self-assessment of our recruitment, retention and development programmes for disabled employees. More details about the nationwide scheme can be found on the Disability Confident Scheme website.

[Find out more about the Disability Confident Scheme.](#)



#10000 BLACK INTERNS

Our internship programmes provide meaningful access to work experience for university students and enable us to connect with talent that is getting close to entering the job market. This year we took on 61 interns on the #10000BlackInterns programme. Two of our interns will be joining the Finance Graduate Programme in September 2023 and one intern joined our Graduate Leadership Programme in September 2022, with many more also securing direct employment with us. We plan to stay connected with students returning to university and are exploring how we keep them informed about roles and programmes we have available at the point they are ready to enter the job market.

The feedback from this programme has been overwhelmingly positive, with our interns rating their overall experience 8.8 out of 10.

took on

61

interns this year



The past ten months at Severn Trent have been simply life changing! I applied to the #10000BlackInterns programme as I didn't have a lot of work experience. The scheme offered me the opportunity to get my foot in the door while building future skills. I've had the opportunity to be part of key projects that align with the Company's Triple Carbon Pledge, Sustainability mission and Sustainable Development Goals. I then secured a twelve-month internship and I currently work in the waste water recycling – Ways of Working Programme. In September 2023 I'll be joining the Strategy and Regulation Graduate Programme and I can't wait to continue my career with Severn Trent.



Emmanuel

Postgraduate of Renewable Energy Engineering from Cranfield University

Stonewall Workplace Equality Index

23rd place

In February 2023, we achieved 23rd place (our highest ever, starting at 414th place in 2018) in the Top 100 and a gold employer award



We're absolutely delighted with this placing, and our teams and working groups have worked tirelessly, but with passion, to drive and create a culture that has LGBTQ+ rights at the heart of it. Whether that's through policy changes, educating our entire workforce, building a strong community of allies, or standing side by side with our communities on LGBTQ+ issues, this ranking proves that as a Company we're moving in the right direction and creating a place that is welcoming and safe for all.



Natasha Haywood

LGBTQ+ Advisory Group Chair



We're here to let all our LGBTQ+ colleagues and communities know they're not alone. We believe we're stronger united and want to create real change for the better. We want to be the most LGBTQ+ diverse and inclusive business, and create a proud and inclusive culture for our employees, customers and community.



James Bowling

Executive Sponsor of the LGBTQ+ Advisory Group

NURTURING AN INCLUSIVE WORKPLACE CULTURE CONTINUED



MAKING THE COMMONWEALTH GAMES AN OPPORTUNITY TO CREATE JOBS AND SHARE KNOWLEDGE

Creating a new team

It takes a long time for a forest to remove a significant amount of carbon from the atmosphere. For the 30 to 35 years it takes to sequester the amount that was generated by the Games, Severn Trent is responsible for maintaining and preserving the Legacy Forests.

In order to plant the Legacy Forests, and to manage their upkeep, we hired our first ever Forestry Team. They are tasked with maintaining the health of these forests, as well as others on our land. In the long term, the Forestry Team will ensure that our woodland estate is managed in line with the UK Forestry Standard.



Playing a part in delivering the Games' sustainability ambitions was a career highlight – it was a great opportunity to strengthen relationships in the region and learn new skills such as social value measurement.



Jess Fidler
Head of Sustainability
Birmingham 2022 Commonwealth Games

Upskilling our people

Secondments associated with the Games also helped to upskill people in areas like social value, which is a new area of emerging expertise for the business. We seconded six roles, including the Head of Sustainability for the Commonwealth Games.

Sharing our knowledge

Our Brand and Marketing Team leveraged its expertise, aligning with the Commonwealth Games, to deliver water saving and environmental messaging with campaigns and activity to drive awareness of the water refill stations before the Games and to ensure people remembered their reusable bottles – an essential part of delivering our legacy.

We brought these messages to life through a range of channels including posters, TV and radio ads, emails and social media. We also tapped into events and results, such as world records, as they happened, so messaging was spontaneous and relevant.

Two key messages were delivered on site at our water bars, introducing our Legacy Forests and featuring our 'Best in Glass' refill initiative. Over 800 Severn Trent ambassadors supported the water bars during the Commonwealth Games, promoting water efficiency and sharing key messages with the attendees every day.

We ran a radio competition with Free Radio, rewarding community champions who had made a difference in their local area and we shared knowledge through our visitor sites.

Promoting and supporting the region we operate in

At our visitor sites, we hosted live family events where people could get involved with retro sports games as well as meeting Severn Trent ambassadors to find out more about saving water and picking up freebies.



SETTING OUR COLLEAGUES UP FOR SUCCESS

We support our colleagues with training and guidance at every stage of their career journeys. Since launching our employability training programmes, we are also providing more training opportunities for our employees by introducing new courses and increasing the number of training hours offered.

EMPLOYEE TRAINING AT THE ACADEMY

- 22,714 learners
- 56,221 learning hours
- 756 learning events

NEW COURSES OFFERED

- Boost Your Career
- Personal Brand



Find out more about our employability schemes.

CLOSING STATEMENT



Richard Eadie

Head of Sustainability
and Corporate Strategy

LOTS DONE, LOTS STILL TO DO

As Liv alluded to in her opening comments, this year's Sustainability Report has a strong theme of delivery running through it and I am proud of what we achieved over the past twelve months. On some topics such as River Quality we aren't always starting off from the strongest possible position, and where this is the case it will mean we have to improve quicker and be bolder with our ambitions. In other areas such as Society, we are taking a different leadership approach by pushing the boundaries of how our business can be a convenor in the communities we serve to solve some of our most acute societal issues such as poverty and employment.

With Sustainability becoming an increasingly broad church, it is becoming ever-more challenging to craft a suite of corporate reports that accurately reflects the progress the business has made in the year, while equally servicing the data and governance needs of our stakeholders. But it has never been more important to do so. This Sustainability Report and the Annual Report and Accounts, are a window into our business which combines



We firmly believe we can become a better business for everyone.



ambition with genuine delivery in the areas we know to be most important for our stakeholders. These documents are supported by downloadable data sheets, deep-dive reports on some of our more complicated areas and additional case studies which bring to life the real impact our activities can have on our planet and the people in our region. In our report, while we celebrate areas of progress, we also endeavour to be candid about areas where things haven't gone as well or areas where we know there is still more to do. This honesty is an essential part of being a learning organisation. Without narrative on what we do and how we do it, lots of insight can get lost, which we believe will serve as a barrier to innovation. By accepting that we can learn from others and showing an openness to new approaches, we firmly believe we can become a better business for everyone. If you think you can help us on our sustainability journey, I would love to hear from you.



Please contact us at
CorporateResponsibility@severntrent.co.uk

Assurance statement

We operate a risk-based, three lines of assurance model which provides an effective programme of assurance that considers areas that we know are of prime importance to our stakeholders, alongside the likelihood of reporting issues. Areas of higher risk received three lines of assurance, while other areas, where the risk is lower, are targeted with first- and second-line assurance only. Jacobs Consulting undertook third line assurance, against the principles of ISO 14064-3, for the carbon emissions data contained within this report and confirmed there were no material issues.



For more information about our Assurance approach please visit here.

Additional information



Annual Report and Accounts

Our Annual Report introduces our Strategy 'Performance driven, sustainability led' and includes our Net Zero Transition Plan and TCFD report.



For more information, please visit here.



Downloadable data sheets

Our excel ESG data book which includes our GRI, SASB, PAI and SDG data



For more information, please visit here.

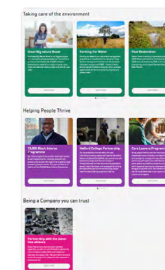


Deep-dive reports

We have more detail on a range of topics, some of those relevant to this report can be found on the link below



For more information, please visit here.



Additional case studies

We couldn't fit all of the case studies from the past twelve months into this report, so we've highlighted more on our webpage.



For more information, please visit here.



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