INTRODUCTION
FROM OUR CEO

Welcome to our third annual Sustainability Report. In this report we share the progress we have made on our commitments as well as our ambitions for the future. Our aim is to play a leading role in addressing the causes and impacts of climate change in the long term. We recognise that true leadership in this area demands action, curiosity, transparency and accountability.

Our Purpose – taking care of one of life’s essentials – is more than just a reference to the service we provide to our customers. It is our compass, helping us make the right decisions for our people and planet. When asked if we ‘walk the walk’ when it comes to sustainability, an understandable question in this era of corporate greenwashing, we can refer to the documented and verifiable results reported in this document. Whether it’s introducing circular economy into our processes, adapting to the effects of climate change, or supporting customers who struggle with their water bills, every project has a purpose to improve the way our business operates for the benefit of our people, our customers and communities, our investors, and of course the planet.

One of the biggest projects we have committed to this year is to improve the quality of our rivers. We recognise we must take immediate action and change. To that end, we at Severn Trent have launched ‘Get River Positive’, a series of five pledges that together form a definitive plan of action for our role in making our rivers healthier. This is in addition to our ‘Get Nature Positive’ commitments, which prioritise nature and biodiversity in our decision making.

Climate change continues to be a key challenge for us and everyone else on this planet, one that has a far reaching impact on our ability to take care of one of life’s essentials. Our plan to become net zero by 2030 brings together the commitments of our Triple Carbon Pledge and Science-Based Targets to create a roadmap, for eliminating emissions and minimising waste in the process. There is no single answer to the question of how we will achieve these goals. As well as generating and using renewable energy we need a portfolio of solutions that lean into new ways of working and innovation. Re-imagining the future world of how we provide and care for one of life’s essentials. For us this means pursuing projects and schemes promoting biodiversity, restoring precious wetlands, working in collaboration with like minded third parties such as our suppliers and embracing circular processes.

Treating waste water in a low carbon way presents one of the biggest barriers to achieving net zero by 2030. It is necessarily energy intensive with the innovations and technologies needed to achieve a lower carbon outcome either not yet invented or still in their infancy. This is why collaboration is key.

We are also finding more ways to use nature in our processes, from restoring wetlands to creating urban drainage systems, which means fewer concrete systems need to be built, fewer chemical interventions have to be deployed, and fewer spills from sewer overflows when storms hit.

Our £564 million (2017/18 prices) investment in our Green Recovery plan has enabled us to kick off projects that support the wider national agenda on climate change, delivering long-term flooding resilience, improving river quality, reducing water consumption, providing additional water supply resilience and acting as a leader on removing lead from customer-owned supply pipes.

We recognise sustainability isn’t just about the environment. It’s about sustaining the communities we serve and having a positive impact on peoples’ lives wherever possible. Which is why we opened our Academy to our communities, offering 100,000 hours of free employability training to the people in our region. It’s also why we’re supporting the Commonwealth Games and helping to provide a legacy for the communities in our region. As a vital service provider and a large landowner, we have a responsibility to be a positive force for change in our region.

A critical component in delivering our sustainability ambitions are the skills, support and dedication that our people bring, and we cannot accomplish any of our ambitions without the skills and support of our employees, and building a better business means supporting them and empowering them on the paths they choose. This year, we expanded our diversity and inclusion commitments, with the ambition to create a workforce that better reflects the diverse communities we serve. We are actively working to address gender and minority imbalances through our new talent programme and engaging with schools and colleges to ensure that the opportunities we can provide as an employer are visible to all. We have set separate inclusion goals and introduced new management tools so that we can better measure our progress in creating a workplace that is fair for all of our employees. Although we have a long way to go, we were delighted to learn that when asked if ‘People from different backgrounds are treated fairly at Severn Trent’ our employees scored 8.7 out of 10, which is ahead of global benchmarks at 8.1 and we are going to keep working to foster an even deeper culture of inclusion throughout the business.

This report is more than a record of our past accomplishments. It also represents our promise to continue pushing and progressing toward a more sustainable future. We know there is still much to be done if we are going to reach our goals for the benefit of all our stakeholders. Achieving net zero, restoring biodiversity, representing the diverse communities we serve, and helping people from all backgrounds thrive – these ambitions won’t be resolved with simple answers or quick fixes. To get to where we need to be, we must deliver our commitments and continue to show leadership in sustainable business practices.

LIV GARFIELD,
SEVERN TRENT CEO
WHAT WE DO

We provide clean water to our customers, as much as they need, whenever they need it responsibly. To do that, we collect it from reservoirs, rivers and underground aquifers across our region. We clean it to the highest standards in our treatment works, ensuring every drop is high drinking water quality. Our network of pipes and storage reservoirs brings a continuous supply of safe, reliable high quality water to the taps of 4.8 million households and businesses in the Midlands and North and Mid-Wales. We also remove their waste water in an affordable, sustainable and reliable way through our network of sewers and pumping stations.

Our sewage works carefully screen, filter and treat the waste water to stringent environmental standards before returning it to the water system. We recycle some waste products to fertilise farm land and use circular principles to reintroduce other types of waste into the value chain. Our Green Power business generates renewable energy and we draw upon our skills in water and waste treatment to provide similar services to other organisations through our Business Services division.

HOW WE DO IT

Even as climate change impacts both the supply of and demand for water, we will anticipate and meet changing customer demands and wider societal needs. We look after some of the UK’s most impressive natural bodies of water, like Carsington Water and Lake Vyrnwy, which make it possible for us to supply and collect water. We maintain over 50,200 km of clean water pipes and over 92,900 km of sewer pipes. To do this, we attract, develop and retain over 7,000 talented people from all backgrounds and walks of life. We also build strong supplier relationships to support our business operations and our net zero ambitions, working with about c.3,000 direct suppliers. Our work is regulated by Ofwat, the Drinking Water Inspectorate (‘DWI’), the Environment Agency (‘EA’), Natural England and Natural Resources Wales, who we work with to help ensure the right outcomes for customers and the environment.
We are on a long-term journey to deliver our sustainability commitments but we must make significant headway over the coming years if we are to meet our goals. We are proud of the progress we have made so far, including setting the scale of our ambitions across a range of critical issues, mobilising resources internally, compiling and ensuring robust evidence, and building strategic partnerships and relationship with stakeholders who can help us on our journey.

The pages that follow show where we are on this journey, how we are progressing against our commitments, and bringing the outcomes to life through the people and places that have been positively impacted. The most powerful feedback we can receive is when we hear from people in our communities or people within our business directly. This is when we know we are having real impact and this brings every number and statistic to life.

We know we have a long way to go, but this report represents our promise to keep going, to keep improving and to keep listening – for the health of our environment, for our people, and for our communities.

**2022 AT A GLANCE**

**ENVIRONMENT**

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

- **25% reduction in Scope 1 & 2 emissions** (market based) on 2019/20 baseline
- **SIX catchments** under catchment management schemes

**SIX**

**SOCIAL**

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

- **29% reduction in pollution incidents** by 2025 to 19.5 incidents per 10,000 km of waste network (ODI/EA EPA Target)

**29%**

**GOVERNANCE**

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

- **£566m invested of the £1.2bn committed to sustainability**

**£566m**

- **25% reduction in LTIs** compared with the last performance year

**0.14 LTI RATE**

- **£4m** in the first two years, the Severn Trent Community Fund has supported 166 non-profit organisations with more than £3.4 million of grants and donations

**C. £4m**

- **Welcomed 340 young people under the Government’s Kickstart scheme, of which 40% have secured jobs or gone back into education**

**C. £4m**

- **Ranked 1st** in the Tortoise Responsibility 100 Index

**Ranked 1st**
Taking care of one of life’s essentials for the benefit of people, communities and the environment

WHAT’S IN THIS SECTION?

Overview
Our Purpose: taking care of one of life’s essentials
Understanding our impact
Our most material issues
Our contribution to the UN Sustainable Development Goals
Materiality deep dive: river quality
Materiality deep dive: water resources for the future
Materiality deep dive: affordability and accessibility
Materiality deep dive: carbon and climate change
Materiality deep dive: enhancing nature

OVERVIEW
WHAT IS OUR PURPOSE, OUR CEO’S PRIORITIES AND OUR AREAS OF IMPACT?

SDGs
HOW DO WE CONTRIBUTE TO THE SDGS?

SUSTAINABILITY FRAMEWORK AND KEY METRICS

WHAT ARE OUR MOST MATERIAL ISSUES AND WHY?

MATERIAL ISSUES

OUR APPROACH
**OUR PURPOSE:**
**TAKING CARE OF ONE OF LIFE’S ESSENTIALS**

**OUR PURPOSE IS OUR COMPASS, GUIDING THE WAY WE APPROACH SUSTAINABILITY**
Sustainability is intrinsically linked to every aspect of what we do and how we do it. Our Sustainability Framework integrates our environmental, social and governance ambitions and establishes sustainability as an integral part of our business plan.

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**TAKING CARE OF THE ENVIRONMENT**
Our customers expect us to ensure a sustainable water cycle, and we are committed to doing so while maintaining and supporting the health of our natural environment. We have also made specific pledges to restore and protect our rivers. We make the most of our resources through conservation and innovation, and aim to mitigate climate change by achieving net zero emissions by 2030.

**HELPING PEOPLE TO THRIVE**
We are more than a service provider – we are committed to helping the people of the region we serve. We support them by making sure our service is affordable for everyone and making a positive difference in the community, especially for the most vulnerable among us. We provide a fair, inclusive and safe place to work, and we invest in skills and knowledge for our employees and our wider community.

**BEING A COMPANY YOU CAN TRUST**
As a business that lives our values, we are open about what we do and we share what we know for the betterment of our industry and our region. We run our company for the long-term, prioritise strong governance and balance the interests of all our stakeholders in all our business decisions.

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READ MORE IN OUR ANNUAL REPORT
UNDERSTANDING OUR IMPACT ON THE ENVIRONMENT AND IN OUR COMMUNITIES

MAKING WATER AFFORDABLE FOR ALL

RESTORING OUR RIVERS

REReducing leaks and increasing efficiency

Boosting nature and restoring peatlands

INVESTING IN NATURE-BASED CLIMATE RESILIENCE

Learn more
REDUCING LEAKS AND INCREASING EFFICIENCY

Once again we have achieved our leakage reduction targets. To come up with more ways to find and fix leaks faster, we helped create the World Water Innovation Fund, which facilitates innovation sharing with partners abroad. We are trialling innovative leak detection using novel methods like fibre optics and rolling out technologies like SmartValve in-house, which uses mobile phone technology to track the operation of our valves, reducing the likelihood of bursts and other issues. This year, we have reduced leakage by 9ml/d, saved 1.17ml/d through our water efficiency programme and installed 183k water meters.

BOOSTING NATURE AND RESTORING PEATLANDS

Nature gives us so much and makes our business possible – we are literally plumbed into our region’s landscapes. One way we do that is with our Great Big Nature Boost, the aim of which is to improve biodiversity across 5,000 hectares of land in the Severn Trent region by 2027, working with many of the Trusts across the region to enhance and create habitats. We committed to planting 1.3 million trees, which will contribute to natural flood management, sequester carbon, and encourage the proliferation of wildlife.

We are also rewetting peatlands in our region, which are the most effective carbon sinks on earth, and which have become some of the most degraded landscapes in Europe. Working with the Moors for the Future Partnership, we have restored over 34km² of degraded peatbogs, and we are continuing to work on over 600 hectares in the Peak District.
INVESTING IN NATURE-BASED CLIMATE RESILIENCE

The climate is already changing, and we need to adapt to these conditions and be resilient to predicted changes in future. By working with nature to carry out our essential services, we increase our resilience, whilst also improving biodiversity, which plays an important role in fighting climate change. We are investing to expand Farming for Water, our catchment management programme that works directly with farmers to boost biodiversity and improve water quality by reducing pollutant run-off. Our expanded plan involves 44 catchments and 432,000 hectares by the end of 2025 – that’s more than two-thirds of regional farmers.

RESTORING OUR RIVERS AND YOUR TRUST

The long-term success of our company is naturally linked to the health of the environment and the wellbeing of our customers, colleagues and the communities we serve. Our sustainability commitments reflect this – focused on making a positive impact on the region we serve, the people who live and work here, and the environment around us.

The recent news headlines around the health of the UK’s rivers have made for uncomfortable reading and we understand the public’s concern; we are absolutely committed to improving the health of our region’s rivers. We recognise the importance of accelerating the transformation of rivers and in March we announced on our commitment to ‘Get River Positive’.
We are investing an extra £30 million to accelerate our ambition of making bills more affordable for all our customers who are in water poverty by five years. This recognises that more households are currently struggling with affordability and that the effects of rising inflation will impact those on the lowest incomes most. To do this, we will expand our social tariff known as The Big Difference Scheme to support a further 100,000 customers. Taking a more long-term view, we also want to help such customers improve their life chances, by offering skills and employability training to help them open up new career opportunities and in time, hopefully raise themselves out of water poverty or stop those at risk of water poverty becoming water poor in the future.
Improving how we prioritise

This year, we used a double assessment to define material issues from two perspectives:

- **Impact materiality**
  Examining the impact that the Company’s activities have on the environment, people, and economies.

- **Financial materiality**
  Examining the impact of sustainability issues on the financial value of the business.

We enhanced our scoring process by engaging our internal expert working groups directly in the process of scoring potential material issues for impact and likelihood. The top-ranked issues were then validated and approved by our Corporate Sustainability Committee.
By incorporating SDGs into our materiality assessment, we found clear alignment between our most material issues and the four SDGs listed below. We have detailed specific actions and targets that deliver to these goals. We also contribute significantly to parts of SDG 3 (Good health and wellbeing) through our water provision and treatment systems, and SDG 4 (Quality education) through training programmes for our employees and wider communities.

<table>
<thead>
<tr>
<th>SDG NO.</th>
<th>SDG NAME</th>
<th>DESCRIPTION</th>
<th>OUR ACTIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clean water and sanitation</td>
<td>Ensure availability and sustainable management of water and sanitation for all.</td>
<td>Sustainable water abstraction: We do not source water from high or extremely high baseline water stress regions.</td>
<td>Water resources for the future, River water quality, Affordability Strategy</td>
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<td></td>
<td></td>
<td>Improved water quality through effluent treatment: Severn Trent treats effluents so that what goes back into rivers is as clean as possible.</td>
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<td></td>
<td></td>
<td>Improved water efficiency: Clean water efficiency is increased through leakage reduction and customer education. Waste water is screened, filtered and treated to stringent environmental standards before being returned to the water system. Waste products are recycled to fertilise the land.</td>
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<td></td>
<td></td>
<td>Equal, affordable and safe access to water access, sanitation and hygiene for employees and communities: Working with vulnerable customers to ensure that clean water is affordable for all.</td>
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<td></td>
<td></td>
<td>Protection of water-related ecosystems and biodiversity: Working with farmers and charities to protect and enhance biodiversity.</td>
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<tr>
<td>Climate action</td>
<td>Take urgent action to combat climate change and its impacts.</td>
<td>Energy efficiency: We monitor and minimise energy use.</td>
<td>Carbon and climate change</td>
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<td></td>
<td></td>
<td>Renewable energy: We generate green energy and use renewables where possible.</td>
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<td>Environmental investments: Supporting charities, farmers and organisations to protect the natural environment and mitigate climate change impacts.</td>
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<td></td>
<td></td>
<td>GHG emissions: We monitor our GHG emissions and have a net-zero plan.</td>
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<tr>
<td>Life on land</td>
<td>Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, halt and reverse land degradation, and halt biodiversity loss.</td>
<td>Deforestation and forest degradation: Working in partnership to enhance our natural environment by planting 1.3 million native trees.</td>
<td>Enhancing nature</td>
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<td></td>
<td></td>
<td>Land remediation: Severn Trent works with organisations to restore landscapes through nature-based solutions.</td>
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<tr>
<td>No poverty (partial contribution)</td>
<td>End poverty in all its forms everywhere.</td>
<td>Availability of products and services for those on low incomes: Severn Trent developed a comprehensive affordability strategy, ensuring that clean water is affordable and accessible for all.</td>
<td>Affordability and accessibility</td>
</tr>
</tbody>
</table>
MCSD 6
CLEAN WATER AND SANITATION

SDG KEY PERFORMANCE INDICATORS:

6.3 By 2030, improve water quality by reducing pollution, eliminating dumping and minimising release of hazardous chemicals and materials, halving the proportion of untreated waste water and substantially increasing recycling and safe reuse globally
- Our goals in alignment with 6.3:
  - Improve 211 WFD points by 2025 (water quality improvement against Water Framework Directive) (ODI target)
  - 100% treatment works compliance (ODI/EA EPA target)
  - 29% reduction in pollution incidents by 2025 to 19.5 incidents per 10,000 km of waste network (ODI/EA EPA target)

6.6 By 2030, protect and restore water-related ecosystems, including mountains, forests, wetlands, rivers, aquifers and lakes
- Our goals in alignment with 6.6:
  - Improve 1,090 hectares of biodiversity by 2025 (ODI target)
  - Improve biodiversity across 5,000 hectares of land in our region by 2027 (Great Big Nature Boost)

Overview
River water quality is a new addition since the previous materiality assessment, partly driven by increased attention on the poor quality of the UK’s rivers and pollution discharges into rivers. As water service providers, we can take significant steps to improve the quality of waste water discharge into rivers, reduce pollution from sewer flooding, and use catchment management to protect river water quality. These actions are part of our contribution to SDG 6, Ensure availability and sustainable management of water and sanitation for all.

Global impact
Poor river quality negatively impacts the health of communities and ecosystems all over the world, and it puts the health of our water supply at risk. Industries, farmers, and partners must take action to maintain clean rivers by reducing pollution and ensuring that water reintroduced into our waterways is clean and safe.

What’s changed
The public is much more aware of the poor condition of our rivers, and of the water industry’s contribution to their decline, due to intensive reporting on the topic last year. As a result, there is more pressure on the industry as a whole to be held accountable and take action to improve the condition of our rivers.

The Government’s 25-year environment plan was approved in November 2021. It includes provisions for reducing damaging abstraction of water from rivers and groundwater, reaching or exceeding objectives for rivers, lakes, coastal and ground waters that are specially protected, whether for biodiversity or drinking water, and minimising the harmful bacteria in designated bathing waters by 2030.

Why it’s important to our business
Rivers are a vital part of the natural infrastructure that makes water abstraction possible. By reducing the negative impact our sector has on the quality of our nation’s waterways and working with partners to stop pollutants from entering our waterways, we improve the efficacy of nature-based solutions, reduce the amount of processing required to produce clean water, and make our waterways safer for our communities.
WHAT WE ARE DOING ABOUT IT

To protect rivers and ensure water quality is safe, we are investing in understanding, addressing, and rapidly responding to the root causes of pollution in our waterways.

For example, we as a sector are exploring how increased monitoring and enhanced systems could facilitate more reporting on the operation of overflows. We also continue to work to educate customers to prevent anything that might cause blockages from entering our systems.

Overall, we are aiming to improve the quality of over 2,100 km of river. We are making overflow due to heavy rains significantly less likely through engineering works such as increased sewer and storage capacity. We are also decreasing run-off rates through tree planting and habitat restoration work across the catchment, and working in urban areas, in partnership with local councils, to install blue-green soft infrastructure like rain gardens, drainage ponds and permeable paving.

We use catchment nutrient balancing techniques to reduce the amount of phosphate in water. In some catchments, we estimate that we can reduce farming’s contribution to phosphates in watercourses by up to 66%, and we offer farmers support in properly recycling their grey water and building water resilience.

This builds on a legacy of work and significant investment we have made over the last decade, removing phosphate from our waste water sites, ensuring that over 50% of our rivers are protected and improved in terms of nutrient levels.

We have created a Cleanest Rivers Programme which will help coordinate river protection improvement activities and the delivery of our river pledges. This will provide strong governance and oversight to hold ourselves to account in a clear and transparent manner and will have an Executive Chair and senior manager sponsorship from all the key business areas with new dedicated roles to ensure effective delivery. In addition, eight per cent of every employee’s bonus will be dedicated to its achievement.
MATERIALITY DEEP DIVE:

WATER RESOURCES FOR THE FUTURE

SDG 6

CLEAN WATER AND SANITATION

SDG KEY PERFORMANCE INDICATORS:

6.1 By 2030, achieve universal and equitable access to safe and affordable drinking water for all
- Water Quality Compliance – CRI (ODI target)
- Help to pay when you need it (ODI target)
- Drinking water quality complaints (ODI target)

6.2 By 2030, ensure access to water and sanitation for all, and substantially increase recycling and safe reuse globally
- Our goals in alignment with 6.2:
  - Improve 211 WFD points by 2025 (water quality improvement against Water Framework Directive) ODI Target
  - 100% treatment works compliance (ODI/EA EPA target)
  - 29% reduction in pollution incidents by 2025 to 19.5 incidents per 10,000 km of waste network (ODI/EA EPA target)
  - Our five River Pledges

6.3 By 2030, improve water quality by reducing pollution, eliminating dumping and minimising the release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally
- Our goals in alignment with 6.3:
  - Improve 1,090 hectares of biodiversity by 2025
  - Reduce abstraction from unsustainable wetlands, rivers, aquifers and lakes

6.4 By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity
- Our goals in alignment with 6.4:
  - 15% reduction in leakage (ODI target)
  - Reduce per capita consumption by 3.5% to 122.7 (ODI target)*
  - Reduce abstraction from unsustainable sources by up to 39Ml/d by 2030

6.6 By 2020, protect and restore water-related ecosystems, including mountains, forests, wetlands, rivers, aquifers and lakes
- Our goals in alignment with 6.6:
  - Improve 1,090 hectares of biodiversity by 2025
  - Improve biodiversity across 5,000 hectares of land in our region by 2027 (Great Big Nature Boost)

* Under review by Ofwat at the end of PR24 in view of the impact of COVID.

Overview
Water resources for the future continues to be identified as a top material issue. SDG 6, Ensure availability and sustainable management of water and sanitation for all, is one we significantly contribute to. In our assessment, we reviewed water efficiency, the reduction of leakage, water quality, and making sure that the current and future supply of and demand for water are met.

Global impact
Climate change is resulting in more frequent, more severe, more widespread, and longer-lasting droughts. This will increase the need for agricultural irrigation and, alongside population growth, will increase demand on a potentially diminishing global clean water supply. Our approach to water stewardship is one we share with our partners and peers, for example by helping our customers to save water and working in partnership with farmers and other landholders to improve biodiversity. In doing so, we aim to protect the sustainable availability of clean water in all our watersheds.

What’s changed?
The legacy of COVID means that household consumption of water is still very high, partially due to more people working from home, and partially due to hotter summers and heatwaves becoming increasingly common and are predicted to continue. Parts of our service territory are now classified as areas of serious water stress, meaning efficiency and leakage reduction are even more important. The pressure on bills was already projected to increase over time because of population increases and climate change, and now inflation is placing additional strain on households. Recently the UK Government recognised the importance of this precious commodity and released its own ambitions around water scarcity, setting an ambition to reduce consumption from 125 to 110 litres per day by 2050. This will require a material change in mindset from everyone involved.

Why it’s important to our business
Access to clean, drinkable water is a human right, and providing clean water is our business. Water resources are limited, so we must find a balance – protecting levels of stored water and reducing abstraction where and when we can. The treatment of waste water is our responsibility – we must clean it and return it to our rivers so that it can be reintegrated into our ecosystems safely and sustainably, allowing us to continue delivering these vital services to all of our customers. The strategies we develop, trial, and implement with our industry and partners will help us maintain access to clean water and treat waste water sustainably.

WHAT WE ARE DOING ABOUT IT

We have increased our commitment to protecting and improving ecosystems and biodiversity that help us provide water services to our region and maintain and enhance healthy landscapes. Enhancing nature requires partnership and collaboration, because ecosystems cross corporate boundaries and land borders. We work with partners to improve biodiversity on our land and on third party land, increasing the resilience of ecosystems.

We use nature-based solutions where possible and are looking to increase the use of these, defined as “actions to protect, sustainably manage, and restore natural or modified ecosystems, that address societal challenges effectively and adaptively, simultaneously providing human wellbeing and biodiversity benefits”. These types of solutions – such as rewetting peatlands, which are the most effective carbon sinks on earth – not only support our water sources, but they also help to further other important goals such as reducing flooding.

We are undertaking surveys of our land to accurately understand the natural capital value of the land we have so that we can make the best decision about how to manage it.

Our goals in alignment with 6.6:
- Improve 1,090 hectares of biodiversity by 2025
- Reduce abstraction from unsustainable sources by up to 39Ml/d by 2030
- Reduce per capita consumption by 3.5% to 122.7 (ODI target)
- Reduce leakage (ODI target)
- Improve 1,090 hectares of biodiversity by 2025
- Improve biodiversity across 5,000 hectares of land in our region by 2027

* Under review by Ofwat at the end of PR24 in view of the impact of COVID.

Water Quality Compliance – CRI (ODI target)
Help to pay when you need it (ODI target)
Drinking water quality complaints (ODI target)
Our five River Pledges
Improve 211 WFD points by 2025 (water quality improvement against Water Framework Directive) ODI Target
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Reduce abstraction from unsustainable sources by up to 39Ml/d by 2030
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Reduce leakage (ODI target)
Our goals in alignment with 6.4:
Improve 1,090 hectares of biodiversity by 2025
Reduce abstraction from unsustainable sources by up to 39Ml/d by 2030
Reduce per capita consumption by 3.5% to 122.7 (ODI target)
Reduce leakage (ODI target)
Our goals in alignment with 6.6:
Improve 1,090 hectares of biodiversity by 2025
Improve biodiversity across 5,000 hectares of land in our region by 2027
Great Big Nature Boost
Our goals in alignment with 6.1:
Water Quality Compliance – CRI (ODI target)
Help to pay when you need it (ODI target)
Drinking water quality complaints (ODI target)

125 to 110 litres per day by 2050. This will require a material change in mindset from everyone involved.

Access to clean, drinkable water is a human right, and providing clean water is our business. Water resources are limited, so we must find a balance – protecting levels of stored water and reducing abstraction where and when we can. The treatment of waste water is our responsibility – we must clean it and return it to our rivers so that it can be reintegrated into our ecosystems safely and sustainably, allowing us to continue delivering these vital services to all of our customers. The strategies we develop, trial, and implement with our industry and partners will help us maintain access to clean water and treat waste water sustainably.
SDG 13
NO POVERTY

**SDG KEY PERFORMANCE INDICATORS:**
1.4 By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance.

Our goals in alignment with 1.4:
- By 2025 support 43% of customers who struggle to pay (ODI target)
- Eradicating water poverty, meaning that none of our customers will spend more than 5% of their income, after household costs, on water
- 9.7% of customers with additional needs on our Priority Services Register by 2025 (ODI target)
- A new affordability scheme worth £30 million to support an additional 100,000 customers through a rising inflationary environment, taking the total number supported by 2025 to 315,000
- 65% of customers rating us good value for money by 2025 (ODI target)

**Global impact**
Billions of people around the world do not have access to safe drinking water or basic sanitation, and many struggle to pay bills for these essential services. Without this vital resource, people suffer and local economies collapse.

**What’s changed**
The global poverty rate has increased from 7.8% to 9.1% due to the pandemic. In the UK, over 700,000 people fell into poverty, and 38% of households are in worse financial condition than they were before. Compounding this is the rapid rate of inflation that is putting further stress on many households across the UK, hitting 7% in March 2022. The energy crisis and other geo-political events are also contributing to rising costs of basic goods such as food, forcing more people to have to rely on food banks and into energy poverty.

**Why it’s important to our business**
Making sure that water is affordable and accessible to everyone in our region is core to our Purpose. Ensuring that all customers, including our vulnerable customers, are taken care of is good for our region, which makes it good for our business.

**WHAT WE ARE DOING ABOUT IT**

Overview
Beyond environmental impacts, this year we identified accessibility and affordability for all of our customers as one of our most material topics. Through our work eradicating water poverty, we partially contribute to SDG 1: End poverty in all its forms everywhere. As inflation results in cost of living pressures, our most vulnerable customers need our support, whilst those who struggle with their bills for other reasons must also get the help they need.

We are supporting customers who need help due to health issues, and extending additional support to those experiencing financial difficulty. We also have schemes in place to make sure vulnerable customers are still supplied in case of operational incidents.
MATERIALITY DEEP DIVE:

CARBON AND CLIMATE CHANGE

SDG 13
CLIMATE ACTION

SDG KEY PERFORMANCE INDICATORS:

13.2 Integrate climate change measures into national policies, strategies and planning

- Triple Carbon Pledge:
  - Net zero operational emissions by 2030
  - 100% electric fleet by 2030 where available
  - 100% energy from renewables by 2030
- Science-Based Target
  - 44% reduction in Scope 1 and Scope 2 emissions by 2031 from a 2019/20 baseline.
- 100% of our supply chain (by emissions) have set a Science-Based Target by 2026
- 13.5% reduction in emissions from use of sold products by 2031
- Plan to adapt for future risks to continue delivering great service for our customers in the long term.

13.3 Improve education, awareness-raising, and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning signs

- Inspire 155,000 customers to use water wisely, use our waste water service appropriately and drink tap water to avoid plastic bottles by 2025.

Overview

It’s no surprise that carbon and climate change was identified as a top material issue for the second year in a row. SDG 13, Take urgent action to combat climate change and its impacts, is one we significantly contribute to. In our assessment, we looked at climate change adaptation and mitigation to determine its materiality.

Global impact

Climate change is an undeniable threat to humanity and the ecosystems that sustain us. Hotter, drier summers and wetter, stormier winters with more frequent extreme weather events – these changes will impact water supply globally, which may have catastrophic societal consequences. We can lead by example and work in partnership with those in our region and beyond to decarbonise our operations and supply chain, reduce the carbon footprint of the water services we provide, deliver Science-Based Targets, and invest in significant innovation to create a low-carbon water service.

What’s changed

Scrutiny of corporate climate change commitments, and rejection of ‘greenwashing’ by consumers and governments alike, continues to increase. This was partially fuelled by nations around the world coming together for COP26 in an unprecedented show of solidarity in the fight against climate change. While the summit did not ultimately result in a commitment to actions that would limit global warming to 1.5°C, the participants did agree and sign the Glasgow Climate Pact. This pact includes a rulebook backing the Paris Agreement and sets goals for adaptation that include financial pledges and new agreements that incentivise the private sector to invest in climate-friendly solutions.

The latest Intergovernmental Panel on Climate Change (IPCC) report reinforced the need for immediate and extensive action outlined at COP26. It states unequivocally that extensive actions, including transition to renewable energy at scale, investment in carbon dioxide removal, and reduction in fossil fuel use must be taken immediately and globally to mitigate climate change. If we do not peak by 2025 and reduce emissions by 43% by 2030, climate disaster will become unavoidable.

Why it’s important to our business

Climate change has impacts across our business, with increased risk of flooding and pollution during extreme weather events, increase in customer demand for water during hot, dry spells and drought, greater risk of deterioration in water quality, and greater potential to meet demand. Climate impacts can worsen stress on catchments and infrastructure that we rely on to treat and manage water, as well as the biodiversity of our lands. Severe weather events can affect services that we depend on, like transport or utilities. To have climate change resilience, plans must be in place to get things up and running in case another part of the system collapses.

Learn more about our Net-Zero Transition Plan.
We have developed a Net-Zero Transition Plan to deliver against our commitments and are extending our understanding of the potential effects of climate change across all our business.

Our priorities for mitigating climate change have been established. Our first priority is to reduce those emissions in our direct control (Scope 1 and 2 emissions), for example by using less and increasing energy efficiency, replacing and renewables, and quantifying and abating Scope 3 emissions. Renewable energy offers a particular opportunity, with on-site energy generation from anaerobic digestion, solar, wind and hydro assets accounting for the equivalent of 52% of Severn Trent Water’s electricity consumption.

Tackling direct emissions through energy efficiency and energy management also helps to insulate us from the cost effects of increasing energy prices. Process emissions are a particular challenge for the entire water industry. Understanding these emissions accurately and developing new technologies to tackle them are necessary for us to completely decarbonise and that is why we are investing heavily in both monitoring the emissions and new innovation to capture emissions from our waste water treatment plants.

The ability to recover from the effect of climate change is also a material challenge. We have increased our resilience to reduce the risk of our customers experiencing interruptions to their water supply through risk-based short-, medium, and longer-term interventions.

More than ever, we know now with unequivocal evidence, we have to move fast and reduce emissions as much as possible over the next decade. That’s why we’re aiming for operational net zero by 2030. And that means both making new ideas and technology mainstream, putting net zero front and centre of our decision making and making sure that carbon and biodiversity are two sides of the same coin.

LIV GARFIELD,
GROUP CHIEF EXECUTIVE
**ENHANCING NATURE**

**SDG 15 LIFE ON LAND**

**SDG KEY PERFORMANCE INDICATORS:**

15.1 By 2030, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements.

*Our goals in alignment with 15.1:*
- Improve biodiversity across 5,000 hectares of land in our region by 2027 (Great Big Nature Boost)

15.2 By 2030, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally.

*Our goals in alignment with 15.2:*
- Commitment to plant 1.3 million trees by 2030 (Great Big Nature Boost)

15.3 By 2030, combat desertification, restore degraded land and soil, including land affected by desertification, drought and floods, and strive to achieve a land degradation-neutral world.

*Our goals in alignment with 15.3:*
- Peatland restoration of over 2,000 acres across England and Wales by 2025

15.5 Take urgent and significant action to reduce the degradation of natural habitats, halt the loss of biodiversity and, by 2030, protect and prevent the extinction of threatened species.

*Our goals in alignment with 15.5:*
- 15% biodiversity net gain on capital schemes - ongoing target for all future projects
- By 2025 we will have undertaken biodiversity audits on all of our sites over one hectare in size and will use the findings to implement management plans
- Improve biodiversity across 5,000 hectares of land in our region by 2027 (Great Big Nature Boost)

**Overview**

Enhancing nature also topped our list of material issues for the second year running. SDG 15, Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, halt and reverse land degradation, and halt biodiversity loss, is one we significantly contribute to. Nature is our supply chain. In order to protect our business, we must protect nature, and we do so through responsible land and water stewardship, which includes restoring degraded land to its natural state.

**Global impact**

Globally, we are facing a ‘sixth mass extinction’, with more than 1 million species at risk, and climate change is exacerbating stress on biodiversity. Human health and livelihoods ultimately depend upon ecosystem products and services, such as availability of fresh water, food and fuel sources. Biodiversity loss can have significant direct human health impacts if ecosystem services are no longer adequate to meet social needs.

**What's changed**

There is a stronger recognition of the financial impacts of biodiversity loss and the inter-relationship between the twin crises of biodiversity and climate change. Ecosystems that nourish hundreds of species, store vast quantities of carbon, and support industries all over the world, are deteriorating more rapidly due to extreme weather events and incremental changes in temperature. Disclosures such as the TCFD and TNFD prove this and there is now a growing focus to not only protect nature but to enhance it. If nature is not appropriately protected, there will be negative impacts on our business from a financial, operational, and social perspective. Across the world, biodiversity is experiencing a decline, with the UK being in the bottom 10% of countries for nature depletion.

**Why it's important to our business**

Protecting and improving ecosystems and biodiversity is a practical business imperative. The environment captures, holds, cleans, and carries water, making it a vital partner to reservoirs, treatment works, and pipelines. As owners and managers of land and water, we must work with our partners and act with urgency to protect and preserve nature.
We have increased our commitment to protecting and improving ecosystems and biodiversity that help us provide water services to our region and maintain and enhance healthy landscapes. Enhancing nature requires partnership and collaboration, because ecosystems cross corporate boundaries and land borders. We work with partners to improve biodiversity on our land and on third party land, increasing the resilience of ecosystems.

We use nature-based solutions where possible and are looking to increase the use of these, defined as "actions to protect, sustainably manage, and restore natural or modified ecosystems, that address societal challenges effectively and adaptively, simultaneously providing human wellbeing and biodiversity benefits". These types of solutions – such as rewetting peatlands, which are the most effective carbon sinks on earth – not only support our water sources, but they also help to further other important goals such as reducing flooding.

WHAT WE ARE DOING ABOUT IT

We are undertaking surveys of our land to accurately understand the natural capital value of the land we have so that we can make the best decision about how to manage it.

We have taken steps to reduce storm overflows, like the use of sustainable urban-drainage systems, which decrease pollution in our waterways. Although microplastics are largely removed from drinking water, their presence in waste water threatens freshwater and marine ecosystems.

We are working with Anglian Water to deliver the Regenerative Pathways package of funding and support as part of our joint Get Rivers Positive pledge. This programme enables farmers to protect the environment and improve water quality while also improving hectare profitability.

We know that caring for nature is also a team game so we are helping the farming community play their part through our new Regenerative Pathway Package - a collection of incentives and support to encourage a gentler and more regenerative way of farming that improves river water quality, reduces chemical use and captures more carbon in the process. This is one of the key components of our new River Pledges.
The natural environment is our partner in providing water services for our region. Supporting its health and biodiversity is vital for our future.

WHAT’S IN THIS SECTION?
- Overview
- Priorities and performance
- Climate change and its impact
- Net zero ambition: reduce
- Net zero ambition: replace, remove and offset
- Q&A: what is the relationship between nature and climate change?
- Enhancing our natural environment
- Ensuring a sustainable water cycle

LOOKING AFTER THE WORLD AROUND US: BUILDING BACK GREENER

NET ZERO
HOW WE NAVIGATE THE TRANSITION TO NET ZERO

NATURE
HOW WE SUPPORT THE NATURAL ENVIRONMENT

WATER CYCLE
HOW WE BUILD AND MAINTAIN A SUSTAINABLE WATER CYCLE
PRIORITY AND PERFORMANCE

ADDRESSING THE IMPACTS OF CLIMATE CHANGE

We have increased investment in climate change initiatives, and have taken two important steps in ensuring that we move our business in the right direction. We developed a Net-Zero Transition Plan that brings together our Triple Carbon Pledge with Science-Based Targets (SBTs) to create a

**GOAL**: 46% REDUCTION SCOPE 1 & 2 SCIENCE BASED TARGET BY 2031
**PROGRESS**: 25% REDUCTION

**GOAL**: 100% RENEWABLES
**PROGRESS**: 85% RENEWABLE ENERGY

**GOAL**: 70% OF SUPPLIERS (BY EMISSIONS) TO HAVE SET A SBT
**PROGRESS**: 38%

ENHANCING OUR NATURAL ENVIRONMENT

Nature is our partner in providing water services to our region. A healthy, biodiverse environment supports systems throughout our business, from reservoirs to treatment works, and we are dedicated to preserving and protecting nature everywhere, not just in our catchments.

**GOAL**: 2,100 KM OF RIVER IMPROVED IN ENGLAND BY 2025
**PROGRESS**: 3,700 KM

**GOAL**: IMPROVE BIODIVERSITY ON 5,000HA OF LAND BY 2027
**PROGRESS**: 4,496 HECTARES

**GOAL**: PLANT 1.3 MILLION TREES BY 2030
**PROGRESS**: 466,745 TREES

ENSURING A SUSTAINABLE WATER CYCLE

Taking care of one of life’s essentials requires us to support and maintain healthy water cycles. From abstraction to waste treatment, it is our job to ensure that we take only what’s needed from sustainable sources, deliver it to homes and businesses without loss through leaks, and then

**GOAL**: 15% LEAKAGE REDUCTION BY 2025
**PROGRESS**: 3.5% REDUCTION SINCE 2020

**GOAL**: PER CAPITA CONSUMPTION REDUCTION BY 3.5% BY 2025
**PROGRESS**: 1% INCREASE FROM 2019/20 BASELINE

**GOAL**: EXPAND CATCHMENT MANAGEMENT TO 42 SCHEMES BY 2025
**PROGRESS**: ON TRACK TO DELIVER 42 SCHEMES

MAKING THE MOST OF OUR RESOURCES

We take inspiration from Dame Ellen MacArthur who said ‘There is no such things as waste, just resource in the wrong place’. What might be waste for others can hold value for us and likewise, there are precious commodities that come through our waste processes that we think can be recycled and

**GOAL**: 99% DIVERSION FROM LANDFILL IN SOME CATEGORIES OF FACILITIES WASTE
**PROGRESS**:
We have increased investment in climate change initiatives, and have taken two important steps in ensuring that we move our business in the right direction. We developed a Net Zero Transition Plan that brings together our Triple Carbon Pledge with Science-Based Targets to create a comprehensive system for calculating our Scope 1, Scope 2 and Scope 3 emissions, assessing our actions, and measuring results. We aim to be industry leaders in climate change adaptation and mitigation, innovating new technologies and nature-based solutions to make our business more resilient in the long term.

Nature is our partner in providing water services to our region. A healthy, biodiverse environment supports systems throughout our business, from reservoirs to treatment works, and we are dedicated to preserving and protecting nature everywhere, not just in our catchments.
Taking care of one of life’s essentials requires us to support and maintain healthy water cycles. From abstraction to waste treatment, it is our job to ensure that we take only what’s needed from sustainable sources, deliver it to homes and businesses without loss through leaks, and then treat waste water so that it can be cleaned and returned to our rivers, protecting people, river ecosystems and biodiversity. In order to protect this precious resource we also have a role to play in promoting responsible consumption – highlighting water scarcity and supporting households and businesses to use water wisely.

We take inspiration from Dame Ellen MacArthur who said ‘There is no such things as waste, just resource in the wrong place’. What might be waste for others can hold value for us and likewise, there are precious commodities that come through our waste processes that we think can be recycled and re-used within other industries. By introducing circularity into all areas of our business and reducing the amount of virgin resources we need, we are able to extract useful resources, increase efficiency, reduce landfill and build skills in a growing and vital field of knowledge. We are also reducing greenhouse gas emissions and saving money at the same time – a win for all stakeholders.
CLIMATE CHANGE AND ITS IMPACT

OUR TRIPLE CARBON PLEDGE
This is our pledge to meet operational net zero by 2030 for Scope 1 and 2, as part of the combined UK water sector’s net zero 2030 roadmap.

NET ZERO CARBON
our net operational carbon footprint (Scope 1, Scope 2 and a subset of Scope 3 emissions) for 2030 will be zero, including deductions, such as those detailed in the following targets, as well as removal and certified offsets

100% OF ENERGY FROM RENEWABLE SOURCES
all our electricity, gas and fuel will come from renewable or renewable-backed sources

100% ELECTRIC VEHICLES
all the vehicles we own will be electrically powered or powered by alternative fuels by the end of 2030

SCIENCE-BASED CARBON TARGETS (‘SBTS’)
Our Science-Based Targets are in line with the 1.5°C pathway (defined as holding temperature rises of no more than 1.5°C above pre-industrial levels). These targets, which do not include offsets, will drive an ambitious reduction in our Scope 1 (direct emissions arising from owned or controlled sources) and Scope 2 emissions (indirect emissions arising from energy purchase).

We have committed to:

- 46% reduction in Scope 1 and Scope 2 emissions by 2031 from a 2019/20 baseline
- 70% of our supply chain (by emissions) have set a SBT by 2026
- 13.5% reduction in emissions from sold products by 2031

Climate change and its impact
Climate change is one of the biggest threats that humanity will face this century and, in the water industry, we are well placed to understand the scale of the problem.

The water sector is facing significant challenges and will need to ensure resilience against the predicted impacts of increased population growth and climate change. Nature is vital to our operations and does some of the work for us, but climate change is degrading the ecosystems that help us do our job. Providing water and treating waste water are energy-intensive processes, so eliminating our contribution to climate change, and adapting to the impacts, will require a sector-wide approach, innovation and long-term strategic thinking.

The changing climate poses a particular challenge to us as a water company and therefore is a material issue. It will be important to increase resilience to expected changing climate conditions and more frequent extreme weather events, in order to deliver a great service to our customers over the long term. To do this, it is vital that we understand the risks we face as the climate changes. We need to deal with climate impacts now, and better plan and adapt for the future. We are planning for two degrees but preparing for four.

LIV GARFIELD, GROUP CHIEF EXECUTIVE

The consequences of climate change have already started to impact the water cycle, and we must increase resilience to these effects alongside our mitigation efforts. We are working to understand the risks to deal with climate impacts now, and better plan to adapt for future risks, to continue delivering great service for our customers in the long term. While we are committed to reduce our own carbon impact in line with a 1.5°C scenario through our SBTs, it would be optimistic for us to assume the rest of world will hit those too. For that reason we are planning and investing for the climate change impacts that two degrees of warming will make, but preparing ourselves for four degrees of warming where possible.

Climate change adaptation
Our third Adaptation Report describes how the climate impacts our operations, how we assess climate risks and how we plan to manage them. The report details the actions we are taking, including increased focus on nature-based solutions in our catchments, such as landscape initiatives slowing the flow of floodwater and reducing the need for expensive hard engineered downstream solutions. By expanding the climate modelling we are undertaking, we can better assess risks to our assets and to water services in general.

You can read more in our TCFD disclosure in our Annual Report and Accounts and within our Adaptation Report.

LIV GARFIELD, GROUP CHIEF EXECUTIVE

Learn more
Our **Net-Zero Transition Plan** brings together targets associated with our Triple Carbon Pledge and our Science-Based Targets, creating a comprehensive system for assessing our actions and measuring results, as well as commitments to work with our suppliers on their emissions reduction (Scope 3). We need to achieve these targets whilst continuing to provide the quality and quantity of water our customers want, at a price they can afford. This is an ambitious undertaking and one which we are proud of.

**18%**

17% of our company vehicles and 1% of our vans are now electric vehicles (against a target of 100% by 2030, where possible).
CLIMATE CHANGE AND ITS IMPACT CONTINUED

SCOPE THREE

Our Scope 3 emissions are equal to, or potentially greater than, Scope 1 and 2 emissions combined, and the challenges inherent in reducing them will take time to solve. Like many industries, we in the water sector have not been able to take significant action yet, but we are collecting data and gathering the support we need to begin planning, and we expect to begin seeing Scope 3 reduction solutions from at least 2025 onward. See p48 in our Annual Report and Accounts for our GHG accounting methodology.
**Forecasting our emissions**

In our forecast we anticipate population growth and the need for more energy-intensive technologies to meet compliance requirements to increase our emissions in the future.

We believe an accurate baseline is fundamental to a credible reduction journey and acknowledge that the traditional industry-based calculations for emissions are too generic to build a plan from. We have modelled our forecasted emissions uplift into the SBTI Scope 1 and 2 baseline below. The most significant change to our GHG emissions reporting this year results from the industry-leading monitoring programme, which has improved our understanding and reporting of process emissions from the treatment of sewage and sludge. These emissions have historically been broadly estimated using an industry-standard factor. Our work, combined with a review of the available international science, shows that our process emissions are substantially higher than the previous UKWIR Carbon Accounting Workbook calculations and has had a significant impact on our baseline forecast.

To ensure full transparency and represent the data accurately, we have included worst-case scenarios in this glidepath.

**Delivering real reductions**

Wherever possible we are reducing emissions and replacing processes to make real reductions. Our ambition is to outperform our Science-Based Targets for Scope 1 & 2 reduction by 2031.

While reduction and replacement activity will always be a priority we appreciate that in order to achieve operational net zero by the end of 2030 we will also need to introduce compensation activities to mitigate our residual emissions. In doing so our intention is for activities to be local and aligned to our wider environmental agenda. This could include peatland restoration, biodiversity or local tree planting, renewable energy generation and circular economy opportunities. If possible we will avoid the purchase of market-based offsets in our journey plan.

To ensure full transparency and represent the data accurately, we have included worst-case scenarios in this glidepath.
OUR APPROACH
Our approach is to follow the carbon hierarchy, prioritising solutions to reduce first, replace next and then find ways to remove emissions. We will consider offsetting, where we cannot reduce or remove any residual emissions in the short term. Our approach therefore is to:

REDUCE
Reduce our emissions, focusing on deploying new technology and innovation on treatment processes to deliver real reductions.

REPLACE
Where we need electricity, fuel and gas to treat water and maintain our network, we will Replace fossil fuels with green energy, and produce it ourselves where possible.

REMOVE
We Remove carbon emissions from the atmosphere through multiple actions, including implementing technology on our sites and facilitating the protection and growth of carbon sinks, like forests and peatbogs, on our land.

OFFSET
Where reduction, replacement or removal isn’t feasible in the short term, we can Offset any residual emissions we have through accredited removal offsets preferably through the circular economy products we create but, where required, through externally accredited schemes.

To achieve our plan, it will require us to re-think every aspect of our business processes and adopt new ways of working. We will maximise circular economy opportunities as part of our core business approach, by creating circular economy products where we can.

RICHARD EADIE, HEAD OF STRATEGY & SUSTAINABILITY
CLIMATE CHANGE AND ITS IMPACT CONTINUED

Making headway with our plans

Understanding and measuring our emissions accurately is key to ensuring that our plans will deliver net zero. Our overall Scope 1 & 2 emissions have fallen by 25% against our Science-Based Targets 2019/20 baseline (Science-Based Targets 46% reduction by 2031). The reduction has been driven by moving to 100% renewable electricity from our suppliers. However, our Scope 1 and 2 emissions (market based) in 2021/22 rose by 11% compared to last year. Whilst this is driven by our increasing need for heat from natural gas, this allows us ensure that our biosolids are treated to an enhanced standard by advanced anaerobic digestion, before they are spread to land. Overall we are making considerable progress towards our long-term goals. To ensure that our plans will deliver net zero, we are focusing on understanding and measuring our emissions accurately, building a portfolio of innovations and solutions, and engaging with our supply chain. We are delighted to have been awarded an A rating from the CDP and are participating in the Carbon Trust’s Route to Net Zero Standard, as external challenge and verification of our plans.

While our understanding of our total emissions is changing due to better data, and some areas of emissions are rising due to operational requirements, we are building a plan of action that we believe can deliver a net-zero business. We are currently developing and trialing multiple solutions in the Reduce, Remove and Replace categories. While we know some of these might fail, the programme includes robust contingency plans to minimise our reliance on offsets. Finally, we are working with our design teams and suppliers to ensure that the solutions we deliver consider whole-life carbon. All of this is underpinned by a strong governance structure dedicated to ensuring the delivery of our Net-Zero Transition Plan (for more information see our TCFD disclosure within our Annual Report and Accounts on pages 35-45) and commitment to our stakeholders that we will continue to deliver the quality and quantity of water our customers demand at a price they can afford.

Reducing our emissions – setting priorities

We must reduce our total annual operational Scope 1 and 2 emissions by using less fossil fuel, finding renewable energy alternatives and reducing emissions from our waste water processes, to meet our Triple Carbon Pledge and Science-Based Target.

Our first priority is to reduce GHG emissions as much as possible by optimising our waste water processes to produce fewer emissions in the first instance, limiting their escape to atmosphere and reducing our dependency on natural gas to facilitate them. In our business, and in the wider sector, our key challenges across Scope 1, 2 and 3 emissions are our treatment processes, supply chain, and biogenic emissions.

While our Scope 1 emissions rose this year due to more heat-intensive thermal hydrolysis processes, this allowed us to create better quality digestate and additional biogas. The full year effect of these investments will continue into next year.

Process emissions – our top challenge

Process emissions of nitrous oxide and methane from waste water and sludge treatment make up the largest proportion of our direct operational emissions. New research and techniques are needed to understand, quantify and reduce these emissions, making them extremely difficult to address. Also, unlike energy, there are no economic benefits or incentives to reduce these emissions. Despite these challenges, we are committed to significantly reduce our process emissions by 2030. Since we set our net-zero goal in 2019, we have been working to understand process emissions in much more detail and we now know that the assumptions on which our longstanding industry reporting methodology in the UK Water Industry Research carbon accounting workbook are based need improvement. We are therefore reporting a value based on our own work for the first time this year. This change has resulted in a significant increase in our reported process emissions. We have therefore restated our baseline year of 2019/20 and 2020/21 based on this new methodology and we will be re-baselining our validated Science-Based Target to reflect the improved data.

-177 TO -208

kt’s CO₂e (conservative to best case scenario) achieved from Reduce programme

NET ZERO AMBITION: REDUCE
Our new method for estimating process emissions reflects recommendations from the IPCC to improve on broad emission factors by taking measurements at the facility-specific level. We installed nitrous oxide monitoring at our Spernal site last year and fixed methane sensors around our largest sewage treatment works. In addition, we have now surveyed all our sludge treatment sites with mobile methane detection equipment and invested in innovative technologies such as drone-based sensors to locate fugitive emissions and portable nitrous oxide sensors for checking different processes. This work has already resulted in savings by enabling us to find and fix leaks, but more work and constant surveying are required to quantify total methane emissions and the reductions delivered so far.

We now have the first dataset in the UK for nitrous oxide emissions from a sewage works over a full year and this is the basis of our new reported number. The data significantly improves the accuracy of our total estimations compared to the previous method by taking detailed specific measurement and taking into account seasonal emissions. We recognise that our methodology still needs refinement and this will be the focus of the next year. For example, that IPCC best practice guidance for emissions reporting is to use data from several sites before extrapolating. We are working towards this standard, with monitoring being installed at sites responsible for 40% of our total process emissions over the next year and with more validation checks to be completed. We are also using machine learning models to understand patterns in the emissions data and establish relationships with factors like temperature and treatment load. Our data, machine learning, developments in the scientific literature and the results of our ongoing trial and feasibility will help us improve measurement and identify solutions. This is likely to mean our estimation of total process emissions will change in future years as we continually improve our data set and method.

We are sharing our approach and the results of our programme across the sector to help drive a consistent methodology which better reflects emissions from our processes and the progress achieved by our improvement work. Ultimately, we are aiming to make steep reductions in process emissions as a critical part of achieving our 2030 operational net zero target and Science-Based Targets.

A significant proportion of our process emissions comes from treating waste water, and we are undertaking several projects to reduce emissions from this energy-intensive process.

Trials underway:

- Anaerobic MBR
- N2O capture and destruction

To address these potential carbon saving opportunities, we are investing in new technologies to recover valuable compounds, reduce our need for chemical for phosphorus removal (reducing our Scope 3 emissions), capture CO2 produced at the site for sequestration into the soil and potentially create additional revenue streams. This will all help to meet our net zero goals.

292 ktCO₂E of our emissions come from treating waste water

We are trialling the conversion of treated sludge to fertiliser (S2F), which maximises circular economy principles in the water industry by incorporating ammonia from our effluent streams, waste heat, and CO₂ from our plants to produce high-quality fertiliser. We developed and conducted the trial in partnership with CCM technologies, supported by funding from the Department for Business, Energy and Industrial Strategy and the Carbon Trust at Minworth Sewage Treatment works.

This process also sequesters biogenic CO₂, emissions from the treatment process and combines that CO₂ with the sludge cake and ammonia recovered from the sludge liquors, removing CO₂ from the atmosphere. The high-quality fertiliser can directly replace carbon intensive mineral fertilisers while the organic content further enhances the value through the locking in of carbon in the soil.
A drone with a methane monitor attached utilises a tuneable diode laser absorption spectrometer (‘TDLAS’) to measure methane concentrations. The laser beam has a very specific wavelength at which methane absorbs light. This method enables us to survey our Waste Water Recycling and Bioresources assets quickly, detecting methane leaks with high precision and from a safe distance. This enables our site teams to fix any defects and reduce fugitive emissions. The data collected also validates our baseline and might help us understand root causes of methane leaks.

**TECHNOLOGICAL INNOVATIONS:**

**METHANE DRONE-BASED SENSOR**

**ANAEROBIC MBR**

We are trialling anaerobic secondary waste treatment, a process for converting organic contaminants into biofuel and other products, which reduces emissions, improves energy consumption, and provides a clean nutrient rich stream to support ammonia and methane recovery.

Trial completion 2023

**N₂O CAPTURE AND DESTRUCTION**

We are exploring several mechanical and biological solutions to capture and destroy/recover N₂O emitted from the biological secondary treatment process.

Trial completion 2022
NET-ZERO AMBITION: REDUCE CONTINUED

Scope 3 emissions
We have prioritised our two largest sources of indirect emissions: capital construction and supply chain. By improving the data we collect we will be able to accurately plan for absolute reduction of emissions in these areas. Find out more here.

Capital construction
This year we are taking the first steps to better understand and ultimately reduce our emissions in our capital schemes. Enhancements to our capital carbon calculator have improved the accuracy of the data and we have mandated its use with our teams and partners. We have also challenged our design teams to consider the total carbon impact of all our projects, during their construction and across their operational lifetime. We have now challenged our design teams to deliver a 30% reduction in both embedded and operational emissions from the initial concept through to the final, detailed design.

In addition, we have commissioned a study of the ten most impactful materials used in construction in the water industry to help us understand the associated emissions, and explore what alternatives are available.

PROGRESS

Achieved
38% of our suppliers by emissions have either set, or are on track to set a science-based target by 2023, three years early.

In 2022 we launched EcoVadis, a sustainability ratings platform which independently assesses suppliers based on their environmental and social impact performance. Through this tool we will get greater insight into Scope 3 emissions, as we are able to obtain actual data, e.g. carbon footprint or whether a Science-Based Target has been set, and for the first time understand strengths and tangible improvement opportunities across key environmental, labour and human rights, ethical and sustainable procurement issues.

To date, 36 have completed the assessment with the platform with a further 52 undergoing assessment. Over the next year we will focus on ensuring all key suppliers are signed up to this platform and use these new insights to drive decisions at tender and throughout contract management.

To support our suppliers more substantively throughout their sustainability journey, we have rolled out a number of training sessions in collaboration with the Supply Chain Sustainability School, including Scope 1, 2 and 3 briefings and how to set a Science-Based Target.

Managing energy
We are an energy-intensive business, because water is heavy and our treatment processes run all day, every day of the year. We also need to keep adding and improving treatment processes to improve our rivers. Most of our energy use is in the form of electricity used to pump water and to provide air to enable biological treatment processes. In addition we have a growing demand for heat to treat our biosolids to higher standards. Through our energy management and efficiency work, we invest in people and assets to improve our assets, find more efficient innovative alternatives, reduce waste and offset rising demands for energy. Our energy management policy and programme follows the best practice laid down in ISO 50001, the international energy management standard. We are also reducing the volumes of water we need to pump and treat by reducing leakage and catchment management helps us avoid unnecessary energy-intensive treatment.

Supply chain – Assessing impact performance
Climate change is undoubtedly the key challenge of our generation. As a water and waste company, we play a natural role in sustainability – we’re committed to collaborating with and supporting our supply chain to take positive action to mitigate climate change, while ensuring we are resilient to its impact so that we can keep the tap flowing for our customers.

HELEN MILES, CAPITAL & COMMERCIAL SERVICES DIRECTOR

14% Scope 1 emissions from on-site fossil fuel combustion

Managing energy
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ACTION

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<th>Source</th>
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<td>– Renewables replacement of natural gas – Diesel generator alternative fuels – End office heating fossil fuel usage</td>
</tr>
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<td>– Working with supply chain to drive down emissions and offsets</td>
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* Process emissions here are reported using a value based on our own work for the first time this year.

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* Process emissions here are reported using the Industry Carbon Accounting Workbook. Our monitoring work so far, and the latest IPCC factor, indicate that this is highly likely to underestimate total N₂O emissions from sewage treatment. Therefore we plan to restate this figure and our historic emissions at the end of the 2022/23 year once we have collected more data. This increases the importance of our plans to reduce these emissions by 2030.
NET-ZERO AMBITION: REDUCE CONTINUED

We learned that many ASPs (activated sludge processes) have mixers (which turn over sludge) operating unnecessarily as there is a natural mixing effect from the incoming flow. We conducted a trial at Stoke Bardolph to calculate how much energy could be saved by reducing the number of mixers. Our trial halved the number of mixers with no operational issues identified. Per year, this new approach will save almost 420MWh per year, and an energy cost saving of £56K (based upon 13p/kWh).
NET-ZERO AMBITION:

REPLACE, REMOVE AND OFFSET

REPLACE
Though we are taking multiple steps to reduce energy consumption, there is no feasible way to reduce the amount of energy required to deliver water and process waste water down to zero. Where we cannot avoid energy consumption, we aim to increase the contribution of green power and replace traditional fossil fuels with alternative, low carbon sources.

Investing in fossil fuel alternatives
We have already begun to use alternative solutions like heat pumps to heat our buildings, to replace our diesel and petrol fleet vehicles with electric vehicles and to test alternative liquid fuels for our diesel generators.

<table>
<thead>
<tr>
<th>USE</th>
<th>CURRENT FOSSIL FUEL</th>
<th>LOW-CARBON OPTIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Digester heating</td>
<td>Natural gas and gas oil</td>
<td>Heat recovery, biofuels, biomethane, electrification</td>
</tr>
<tr>
<td>Stand-by generators</td>
<td>Diesel</td>
<td>Biofuels</td>
</tr>
<tr>
<td>Space heating</td>
<td>Natural gas</td>
<td>Ground-source and air-source heat pumps, solar-thermal heating, electrification</td>
</tr>
<tr>
<td>Combined heat and power generation engines</td>
<td>Natural gas</td>
<td>Biogas</td>
</tr>
<tr>
<td>Mobile plant</td>
<td>Diesel</td>
<td>Biofuels, electrification</td>
</tr>
<tr>
<td>Transport; cars, vans, heavy goods vehicles</td>
<td>Diesel and petrol</td>
<td>Electrification, hydrogen, gas</td>
</tr>
</tbody>
</table>

OFFSET
Carbon offsets are projects which reduce or remove carbon dioxide from the atmosphere. These can be used by businesses to compensate for their own carbon emissions. Wherever possible, we look to reduce, replace, and remove emissions first before using offsets. However, not all offsets are created equal. Reduction offsets are benefits achieved by reducing emissions somewhere else in the economy. Removal offsets are benefits achieved by actively capturing and storing carbon dioxide. Of the two, removal offsets are generally seen as more credible, because they have a net-positive effect, which means they quantifiably negate emissions.

We do not currently buy offsets, but we do generate, certify, and renew them. We have registered several of our own carbon offsetting initiatives with the Woodland and Peatland Codes. We plan to report annually on the nature and scale of these actions, delivering full transparency on our journey toward net zero.

One of the ways we have already offset emissions is by investing significantly to increase our generation of renewable energy. Because much of this renewable energy is exported, this is counted as a reduction offset in our net operational emissions, but only where the green gas or renewable energy certificates are retained to ensure no double counting.

**-197 TO -210 kt’s CO₂e (conservative to best case scenario) achieved from the Replace programme**

**-46 TO -141 kt’s CO₂e achieved (best case to conservative scenario) from Offsets**
We have made a total investment of nearly £200 million in thermal hydrolysis technology, both upgrading existing plants and building new facilities, which will not only recover a higher percentage of biomethane for the biogas produced, but will also lower process emissions dramatically versus a conventional anaerobic digestion plant, thanks to greater solids destruction. Our newest facilities in Nottingham and Coventry came online this year, with the latter able to process up to 120 dry, solid tonnes of sludge per day at peak output. A fifth plant is also in the pipeline to be produced before the end of 2025, which will enable us to boost green gas output from an expected 288 GWh this year to almost 300 GWh by next year. We are also aiming to produce renewable biomethane, enhance sludge quality and to incorporate carbon capture and recovery at this site, located in the South of our region. We aim to use this energy to power our own assets where possible.

### Bioresource Treatment

We have made a total investment of nearly £200 million in thermal hydrolysis technology, both upgrading existing plants and building new facilities, which will not only recover a higher percentage of biomethane for the biogas produced, but will also lower process emissions dramatically versus a conventional anaerobic digestion plant, thanks to greater solids destruction. Our newest facilities in Nottingham and Coventry came online this year, with the latter able to process up to 120 dry, solid tonnes of sludge per day at peak output. A fifth plant is also in the pipeline to be produced before the end of 2025, which will enable us to boost green gas output from an expected 288 GWh this year to almost 300 GWh by next year. We are also aiming to produce renewable biomethane, enhance sludge quality and to incorporate carbon capture and recovery at this site, located in the South of our region. We aim to use this energy to power our own assets where possible.

### N₂O Capture and Destruction

We are exploring several mechanical and biological solutions to capture and destroy/recover N₂O emitted from the biological secondary treatment process.

**Trial completion 2022**

### Moving Toward a 100% EV Fleet

Fuel used by our cars, vans and tankers makes up 10% of our direct (Scope 1) emissions. Having modelled multiple options to understand when we can phase out fossil-fuelled vehicles across the fleet, we committed to having a 100% EV fleet by 2030 as part of our Triple Carbon Pledge, including all company cars and vans. We have a policy not to purchase any more diesel cars and have increased the number of electric cars to 17% of our company car fleet. Electric vans currently make up 1% of our fleet and we need the market to provide an improved range of models before we can increase the number in our fleet. As for Heavy Goods Vehicles, we do not have a definitive answer yet, but we are trialling lower-carbon options and exploring what technology is most suitable for our operations, including using gas and hydrogen. We will look at electric HGVs as they become available.

To provide the initial infrastructure required for electrification, we have installed 352 charging points on over 70 sites in our region, which can be used for our own fleet, for employees’ private vehicles and for third party contractors and visitors. We have also introduced a company-wide salary sacrifice scheme to help incentivise the purchase of electric vehicles.

In addition, we are working with advisory groups EV100 and the Electric Fleet Accelerator (‘EVFA’) to support the decarbonisation of fleets in the UK and help overcome broader barriers to electric vehicle uptake.
Q&A: WHAT IS THE RELATIONSHIP BETWEEN NATURE AND CLIMATE CHANGE?

INTERVIEW WITH

ALTHEA SOLOMON, CLIMATE CHANGE LEAD AND CLIMATE CHANGE LEAD AND

JODIE RETTINO, CATCHMENT MANAGEMENT LEAD

What is the relationship between nature and climate change?

Nature and climate change are inextricably linked. Biodiverse ecosystems on land and in our waterways absorb about half of the carbon emissions that humans generate, so are a vital element of regulating our climate as well as providing clean air, clean water and crops.

By supporting nature, protecting habitats and encouraging biodiversity, we can adapt to and mitigate the effects of climate change. But one thing is clear – we cannot push back on biodiversity loss without combating climate change and we cannot combat climate change without pushing back on biodiversity loss.

How is your catchment management programme addressing the twin crises of climate change and biodiversity?

We are working to protect biodiversity by tackling several key challenges: lowering the abstraction of water and safeguarding against drought, flooding and temperature extremes.

In the long term, we plan to expand the roles of nature-based solutions and catchment management, using created wetlands, investment in sustainable urban drainage systems, and a major programme of tree planting – all working with nature to reduce run-off and flooding, filter water, capture carbon, enhance biodiversity and provide public benefit, as well as reducing the need for expensive hard-engineered downstream solutions.

Learn more about our regenerative farming case study

We are also taking action to raise awareness and understanding of the potential impacts of the changing climate, further embedding these considerations in our business decisions and plans. As part of that effort, we have joined the Get Nature Positive movement, which helps businesses support nature and fight against biodiversity loss – key actions required to combat climate change.

How does your work on nature support water quality?

Nature-based solutions have always been part of our water quality strategy – utilising the invisible natural infrastructure in our catchment lands to capture and filter our water. Recently, we have been exploring opportunities to engage partners in preventative water quality initiatives that are designed to support our natural environments.

For example, phosphate in water is one of the biggest nutrient issues we are working on; phosphate causes water quality problems that are expensive to treat. A lot of chemicals are required, and a lot of energy is expended. We realised that we could address this challenge at its source, by working with farmers to install phosphate-reducing catchment interventions like fencing off rivers from livestock, renewing hedgerows and wetlands, and by encouraging regenerative agriculture approaches. By reducing the amount of phosphate in water, we reduce the need for traditional treatment technologies at our waste water treatment works.

As a major landowner, what is your approach to managing nature whilst delivering your core services in the long run?

A well-nourished natural environment plays a vital role in helping us deliver our core activities more effectively and efficiently.

We know our land provides significant natural and social capital (the value our land provides to nature and society) for the region. Currently, we are in the process of developing opportunities to maximise that value, assessing benefits that include carbon sequestration, biodiversity improvements, food production, recreation, air quality, flooding and more.

At COP26, we pledged to restore over 2,000 acres of peatland across England and Wales by 2025, improving biodiversity, carbon sequestration and water quality. These actions lead to reduction in the amount of energy required by traditional ‘concrete’ systems and increase carbon sequestration – a win/win for nature and climate change.

What pressures have you seen on biodiversity in your region and what changes have you made with others, and how?

Finding the right solutions can be challenging – we have to balance competing priorities for land use and weigh the benefits of different approaches. A great example of this is the work we have done at Stoke Bardolph farm to illustrate the value of our actions and what improvements can still be made. Habitat opportunity mapping showed that there are many opportunities to create broadleaved woodland across the main farm site, including some high-priority sites that would buffer and connect up existing high-biodiversity sites. However, this needs to be balanced with the current high recreational and food production value of the farm.

Woodland creation is another great example where competing land uses need to be balanced. The West Midlands Natural Environment Plan states that forestry cover should be increased from approximately 1.5% today to 13%. This equates to planting an additional 5.7 million trees by 2026 and 19 million by 2041. We are working in partnership to support this aim by planting 1 million trees by 2025 and a further 300,000 by 2030 as part of our Great Big Nature Boost.

Every business in the UK, whether they know it or not, impacts nature and has a role to play in protecting it. No nature, no business – it’s that simple. There should not need to be a choice between business success and nature, the two should go hand in hand.

LIV GARFIELD, CHAIR FOR COUNCIL FOR SUSTAINABLE BUSINESS
Severn Trent launches Regenerative Pathway package

As part of its joint Get River Positive pledge, with Anglian Water, which promises to support others to improve and care for rivers, Severn Trent has launched a Regenerative Pathway package. The funding and support for farmers looks to protect the environment and improve river water quality while offering improved hectare profitability by up to 20% for the farmers. Building on the successful Farming for Water programme the package will include increased match-funding of up to £30,000 for projects such as building pesticide washdown areas.

What can the Regenerative Pathway deliver?

This forms part of the company’s flagship Severn Trent Environmental Protection Scheme (STEPS).

On top of the improved STEPS funding, Severn Trent has introduced a new Trees for Water offer, to include riparian buffer planting along watercourses, to protect against nutrient leaching. This scheme can also fund agroforestry, in order to help to prevent spray drift. Both of these options do not take valuable land out of production, help to enhance biodiversity, and create habitats for farmland birds.

What can the Regenerative Pathway deliver?

The potential to reduce agricultural carbon emissions by at least 20% Reduce nitrate losses by up to 23% and phosphate losses by up to 25% Create and enhance over 62,236ha of land Reduce nitrogen inputs by at least 15%, saving on average £16/ha Giver farmers an average profitability boost of 20%/ha.
Enhancing our natural environment – our priorities

Our natural environment is the vital partner to our reservoirs, treatment works, and pipelines – capturing, holding, cleaning, and carrying our water – which makes our investment in its recovery, enhancement and improvement not only ethically sound, but also business critical. We also know from talking to our customers and stakeholders, how important it is to improve the environment they live in.

Nature recovery on our land

There are many habitat types in our region stretching across the heart of the UK, from urban areas and forestry grassland habitats, through to tenanted farmland and our own farms – protecting and enhancing biodiversity in all of the unique ecosystems on our land is a core part of our nature recovery plan.

We focus our efforts in three key ways:

- Understanding and monitoring what we have
- Looking after our rivers and designated sites
- Nature-friendly forestry and farming

Progress so far

This year we have published our Biodiversity, Pollinator and Sites of Special Scientific Interest policy documents, which set out how we protect and enhance ecologically important sites, limit invasive species and safeguard priority species.

In 2019 we commissioned Wildlife and River Trusts to complete 63 biodiversity audits covering 3,000 hectares of land. Phase one of our plan identified 52 protected species and 54 protected habitats on our land. Ten sites were audited in 2021 and we are now undertaking targeted interventions to enhance ecology at these sites. We aim to audit 262 sites between 2022 and 2025. Sites will be audited every five years so we can understand the impact of our interventions.

Over half of the sites audited in phase one found the presence of invasive non-native species (‘INNS’) that require management intervention, and we are looking across our business activities to ensure we manage the risk of the spread of INNS, as well as removing those we already have.
Understanding and monitoring what we have

Our commitment: We must understand, in detail, the current state of biodiversity on our land, from habitat conditions to species population stats, before we can create an effective action plan and make real, measurable progress.

How we do it: By 2025 we are aiming to undertake biodiversity audits on all of our sites larger than one hectare. We are using the audits to develop and deliver site-specific biodiversity action plans. In addition, our interactive biodiversity strategy map collates numerous layers, including habitat type, B-Lines (wildflower-rich pollinator connectivity corridors), and protected sites, to allow us to make sensible recommendations for biodiversity improvements and connectivity.

Looking after our rivers and designated sites

Our commitment: We will protect and enhance the Sites of Special Scientific Interest ('SSSIs') on our land, and avoid damage to other SSSIs in our region. We aim to be a national leader in this area by implementing a long-term sensitive sites strategy, linking to our ambitions in ensuring a sustainable water cycle and our long-term asset strategy.

How we do it: We are developing robust plans to protect priority species and limit the impact of invasive species. We are enhancing our measures to protect ancient woodland. No planned work on new infrastructure will lead to damage of ancient woodland, and where we must undertake works to repair existing assets, we will consult with partner NGOs to minimise risk for the ecosystems.

We hold FSC certification through our contract partner’s group scheme for our active commercial forestry operations and we will do so for any site that is used for commercial forestry.

Nature-friendly forestry and farming

Our commitment: We will not restrict our efforts to nature reserves and designated sites, nor do we think we can do it all on our own. We know that securing the long-term productivity of land, and its ability to deliver the wide range of outcomes we need as a water company, requires that habitats and natural processes are integrated into all aspects of land management, and that includes forestry and farming.

How we do it: Our forest management plan for our 2,000 hectares of commercial forestry at Lake Vyrnwy will be UK Woodland Assurance Standard ('UKWAS') certified, and will integrate timber production with the delivery of benefits for biodiversity, water quality and recreation.

Through our relationships with farmers on over 280 agricultural leases, lets, and tenancies on our land, we will help make nature-based solutions and regenerative farming practices an opportunity to build resilient farm businesses, as well as an opportunity for nature recovery.
Improving the health of our rivers

The long-term success of our company is naturally linked to the health of the environment and the wellbeing of our customers, colleagues and the communities we serve. Our sustainability commitments reflect this – focused on making a positive impact on the region we serve.

The recent news headlines around the health of the UK’s rivers rightly troubled many citizens and eroded their trust in the water industry to safely manage the water cycle. Whilst we continue to be recognised for our environmental performance, reflected in our 4* EPA status for two years in a row, we want to go further in improving the environment on which we depend. We announced our bold Get River Positive pledges in March, committing to reduce spills from storm overflows to an average of 20 per year by 2025 and our operations will not be the reason for unhealthy rivers by 2030, based on the Environment Agency measures of Rivers Not Achieving Good Status (‘RNAGS’).

In March, we announced our commitment to ‘Get River Positive’. In developing each of our pledges, we engaged with all of our stakeholders, including shareholders, customers, local communities and campaign groups, to listen to and understand their views. Our five pledges were developed in full consideration of these discussions. As we deliver these commitments, we will report on how we are doing – in an open and transparent way. Each of our five pledges is underpinned by a range of measures and metrics, developed in partnership with our stakeholders with the objective of addressing our customers’ concerns and taking a leading role in ensuring that our region’s rivers are as healthy as possible.

Our rivers today

The water industry accounts for 24% of the remaining quality issues in England’s rivers and other sectors, including agriculture, housing and transport, accounting for 76% of the reasons for rivers failing to achieve good ecological status. We are committed to doing all we can to take leadership on many of the issues our region’s rivers face and to partner with others to make our region’s rivers the healthiest they can be.
Biodiversity and Healthy Ecosystems: Enhancing our Natural Environment Continued

Boosting nature beyond our boundaries
Nature does not recognise property lines, so any solution designed to boost nature must include partners across our landscape, regardless of ownership.

The Great Big Nature Boost and Boost for Biodiversity
One of the biggest nature projects in the UK, the Great Big Nature Boost, aims to improve biodiversity across 5,000 hectares of land in the Severn Trent region by 2027, vastly exceeding our regulatory commitments. Achieving this relies fundamentally on developing and nurturing meaningful relationships with key conservation partners across the region and beyond. Our partners, who are largely non-profit conservation organisations, are expertly placed to design and execute ambitious and scientifically informed conservation projects, and we are proud to work with them to meet our joint strategic objectives for nature recovery. So far we have worked with over 50 partners across 223 projects.

Previously, we improved the diversity of 244 hectares of land between 2015 and 2020, but we knew we had to go bigger this time – an area bigger than the whole of Gloucester, to be specific.

Our progress
Tree planting
This year we’ve planted over 151,000 trees bringing the total number of trees planted to around 447,000. We aim to have planted 1 million trees by 2025 and reach our 1.3 million target by 2030.

As the official Nature and Carbon Neutral Partner to the Birmingham 2022 Commonwealth Games, we are delivering a series of initiatives to leave a social and environmental legacy following the Birmingham 2022 Commonwealth Games. This work includes the creation of 2,022 acres of Legacy Forest, as well as 74 tennis-court-sized Tiny Forests which are being created across the West Midlands. We follow the principle of planting the ‘right tree in the right place’, working closely with organisations such as the Forestry Commission to do this.

NATURE BOOSTING ACTIONS

- Planting 1.3 million trees, native species, sourced and grown from UK nurseries, which will provide habitats for wildlife whilst also sequestering carbon and contributing to flood management.
- Rewilding meadows with wildflowers, encouraging beneficial insects and birds, which are natural predators of pests that would otherwise damage farmers’ crops. Farmers will have less need for pesticide and fungicide, reducing the risk of pest and disease issues.

Improving 5,000 hectares of biodiversity
In the last two years we have delivered over 4,400 hectares of biodiversity improvements - more than 90% of our 5000 hectare 2027.

Boost for Biodiversity
In addition to strategic partnership projects within our region, we also support small-scale initiatives through our Boost for Biodiversity grant scheme. This specifically targets smaller projects, enabling local authorities, councils, schools, NGOs, local conservation groups and community groups to enhance the natural environment.

Since 2018 we have funded over 50 small projects, including tree planting, woodland management, wildflower meadows and wetland creation. This funding helps to keep our work responsive to local needs and gives us a window into community priorities across our area. We follow project progress until completion, offering advice and a helping hand where we can. In 2021 our Boost for Biodiversity projects encompassed over 160 hectares of improvements.

Nature is integral to catchment management – Farming for Water
How agricultural land in our catchments is managed is one of the key determinants of our region’s biodiversity and ecosystem health, not only on land but also under water. While sewer overflows and pressure from built-up areas have an impact on water quality, currently 36% of pollution in rivers across England can be attributed to agricultural and rural management, therefore making it the largest single contributor to the failure to meet the Government’s targets for good ecological status in rivers.

It is in our interests as a water company to improve this. We estimate that for every £1 we spend to reduce run-off of phosphates, nitrates, and other agricultural chemicals through our catchment management programmes, we avoid £2 – £20 of treatment costs and generate £4 of wider environmental benefits. Through our work in the agricultural sector, we have been able to negate the need for £74 million of investment in our treatment processes.

That is why our catchment management programme, Farming for Water, works directly with farmers to deliver a suite of integrated environmental solutions, all with the aim of protecting river health and drinking water quality. Our ambitious plans cover 42 catchments and 432,000 hectares, and will see us working with two-thirds of all farmers in our region. This is way above our regulatory commitment to achieve 16 successful catchment management schemes (when a scheme has met a specific pollutant reduction load for things like nitrates, metaldehyde pesticides and cryptosporidium) by 2025.

We undertake monthly tracking against our internal Key Performance Indicators, which are presented monthly at the internal Water Non-Infra Service Area Comm cell. At the end of Year 2, the Company is ahead of target to deliver 3 catchment schemes by the end of the AMP while a further 12 catchment schemes are on track to meet end of AMP targets.

Enhancing our Severn Trent Environmental Protection Scheme (‘STEPS’)
Due to the ongoing market turbulence, a changing policy landscape and therefore continued uncertainty for the agricultural community, we have changed our STEPS offering to reflect the needs of farmers while continuing to enhance and protect the environment.

DR JODIE RETTINO, CATCHMENT MANAGEMENT & BIODIVERSITY BUSINESS LEAD

We already support the principles of regenerative agriculture through our existing environmental work in partnership with farmers, but we feel it important to take this one step further and help support those looking to make the transition to fully regenerative practices.
AGREENA

Through our new partnership with Agreena we are increasing the breadth of our support to encourage regenerative agriculture and nature friendly farming. Agreena offer farmers the opportunity for carbon accreditation for their practices which in time can generate additional income for farmers through carbon credits while future proofing their relevance in the food supply chain.
Enhancing nature across the landscape

Moors for the Future Partnership

As part of the WINEP (Water Industry National Environment Programme) scheme, the ‘Moor Water’ Severn Trent project is delivering over 600 hectares of improvement to peatbogs in the Peak District National Park’s Bamford Catchment.

The Peak District Moors are largely blanket bog, a type of peatland habitat that has been catastrophically degraded in this area. Restoring blanket bog improves habitat for wildlife and biodiversity, significantly reduces carbon emissions, creates conditions for carbon sequestration, improves water quality and reduces flood risk. Sphagnum moss is the key species that is missing from these boggy habitats because of historic air pollution. The project is planting sphagnum plugs over 600 hectares, monitoring changes to vegetation, and engaging with adults and children to explain the value of the work. Peatlands are carbon sinks, storing more carbon than all other vegetation types in the world combined.

Since 2003, Moors for the Future Partnership has been working to protect and restore peatlands using innovative conservation techniques. To date, we have worked with the Partnership to transform over 34 km² of bare and degraded peatbogs in the Peak District National Park and South Pennines.

Our role as the official Nature and Carbon Neutral Partner to the Birmingham 2022 Commonwealth Games has allowed us to deliver two outstanding initiatives to help the Games leave a carbon neutral legacy through planting 2,022 acres of new woodland creation, and we have gifted 74 Tiny Forests to represent one for each of the nations and territories competing in the Games, with our delivery partner Earthwatch Europe.

Each Tiny Forest, no bigger than a tennis court in size, planted with 600 native trees and shrubs, will provide a nature-rich accessible green space and inspiring outdoor classroom for people to reconnect with nature.

These Tiny Forests will continue to be monitored through citizen science with the help of Earthwatch Europe.

Developing a best-practice example of sustainable water and land management

The Lake Vyrnwy estate in Wales is one of our largest sites, with over 10,000 hectares of open moorland, blanket bog, farmland and forest, surrounding a 7.6 km long reservoir. With the RSPB and the local community, we are returning the bog to its natural state by blocking a number of gullies, which will benefit local wildlife, improve water quality and sequester carbon. The site also features an organic farm managed by RSPB Cymru.

Our vision is for Lake Vyrnwy to be an exemplar of sustainable water and land management for the benefit of the environment, the local economy, the community and visitors.

The Partnership is supported by the Peak District National Park Authority, Environment Agency, National Trust, Pennine Prospects, RSPB, Severn Trent, United Utilities and Yorkshire Water, and receives advice from Natural England, National Farmers’ Union, Heather Trust, Woodland Trust, Triodos Bank and the British Mountaineering Council.
ENSURING A SUSTAINABLE WATER CYCLE

Our priorities for ensuring a sustainable water cycle

We are committed, as a business and a sector, to build and maintain a sustainable water cycle, from balancing resource needs, to minimising leaks, to reducing per capita consumption.

Reducing the amount of water that’s used

Water is precious. By minimising consumption, we place ourselves as unobtrusively as possible in the natural water cycle; we conserve limited water resources, we ensure river ecosystems and biodiversity are protected, and we reduce the volume of water we need to pump and treat across our network. To achieve this, we focus on two things, water efficiency and reducing leaks.

Our goal is to reduce household consumption of water to 122.7 litres per person per day by 2025. Last year we reported an increase of 3.3% to 133 litres per person per day. This trend has continued into the current year with household consumption at 135 litres per person. In order to meet our targets, we need to help our customers value water beyond their bill, understand their usage and provide options to help reduce consumption. This is why we remain committed to building on our water efficiency programme that has saved over 25 million litres per day between 2015 and 2020 by:

- prioritising home water efficiency checks using high-consumption water meter data, saving 1.57 Ml/d or 573 million litres of water over a year;
- providing over 38,000 free water efficiency products saving an estimated 0.79 Ml/d or 288 million litres of water each year; and
- introducing our new Get Water Fit platform to help our customers to understand their current use and how to reduce consumption.

SUMMARY OF PERFORMANCE

61,000 customers have completed and registered with the Get Water Fit savings engine this year.

The long term sustainability of our business is intrinsically linked to how we manage our water resources, which is why we must do everything we can to reduce consumption of water where possible and eliminate leaks. By doing this, we reap the environmental and economic rewards.

<table>
<thead>
<tr>
<th>Commitment</th>
<th>Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reducing per capita consumption by a further 3.5% by 2025</td>
<td>1% increase from 2019/20 baseline</td>
</tr>
<tr>
<td>Reducing leakage by 15% by 2025</td>
<td>3.5% reduction from 2019/20 baseline</td>
</tr>
<tr>
<td>Installing 325k water meters by 2025</td>
<td>Installed 110,100 meters in 2021/22</td>
</tr>
</tbody>
</table>

Our long term sustainability is intrinsically linked to how we manage our water resources. We are committed to building on our existing efforts to conserve water resources, protect river ecosystems, and reduce the volume of water we need to pump and treat across our network. To achieve this, we focus on two things: water efficiency and reducing leaks.
Reducing leaks
When water leaks from pipes before it reaches our customers, not only is it wasted, but so is the energy we used to treat it and move it around. It also affects our reputation with our customers, who consider it a key issue, so we aim to reduce leakage as much as possible.

We aim to reduce leakage by 15% by 2025 and by 50% by 2045. We have reduced leakage by 3.5% from 2019/20 baseline. Our investment in leakage reduction has meant we have hit our target for 10 out of the last 11 years.

Removing less water from the environment
Healthy rivers need consistent and plentiful flows of water in order to function as a habitat for plants and animals, and to support the wellbeing of local people. That means we need to ensure that our abstraction of water – the rate and volume at which we pump water from rivers and aquifers – is at a sustainable level, minimising impacts on water flow and quality. We have committed to manage our abstraction to ensure it is sustainable, and we will work on this in three important ways:

1. Actively managing existing impacts
2. Moving abstraction to less vulnerable areas
3. Balancing water needs across catchments

Improving our rivers by preventing pollutions
After abstracting water to be used by households and businesses, we complete the water cycle by returning clean, treated water to the environment. We measure the quality of the treated water effluent through treatment works compliance, which is assessed by the Environment Agency and Natural Resources Wales, and aim for 100% compliance. However, in common with other UK water companies, we face a key challenge to protecting our region’s watercourses, in the form of unintentional releases of polluting matter like silt or sewage from our network, known as ‘pollutions’. Pollutions can occur for a number of reasons, such as a failure in our sewer network or at our treatment works, or as a result of a burst water main. Most of the pollutions linked to our assets are the result of sewage escaping before it is properly treated. This is typically caused by asset failure, sewers being overwhelmed during heavy rainfall, or customers putting the wrong things down the toilet or sink, which blocks up the sewers.

This year we achieved 99.3% treatment works compliance and recorded 21.81 pollutions (per 10,000km sewer) – a 6% increase compared with last year.

We have made excellent progress on the Green Recovery programmes to date, successfully getting into delivery in very short timescales. Our Supply Pipes programme has proved really challenging due to complexities and we have learnt a huge amount and continue to adapt our approach and try new things in order to increase job volumes. The programme crucially supports the UK Government’s Levelling Up agenda and these investments are making our region greener, safer, more resilient to climate change, and more prosperous.

CHRIS WAND,
PROGRAMME DIRECTOR – GREEN RECOVERY
GET WATER FIT

We have introduced the Get Water Fit platform to help our customers to understand their current use and advise on how to use water and energy more wisely through changing behaviour. The tool also provides hints and tips and how to make reductions that can help them save money and help reduce their carbon footprint. Customers can order free suitable devices tailored for their homes with the option to have a free leak repair (where possible). We have had over 61,000 customers register with this savings engine, with over 38,000 customers having opted in to receive marketing communications with regard to water efficiency. Customer orders have delivered 0.79 Ml/d savings in 2021/22. We continue to promote shower heads and subsidise water butts to our customers. We have delivered 0.01 Ml/d of savings this year via paid products.

SMART METER PROGRAMME TO HELP REDUCE LEAKAGE

Smart meters help us identify leaks early and reduce leakage overall. They also help us identify customer-side issues before they have a significant impact on customer bills. In our third year of the programme, we are on track to deliver 156,000 smart meter installations and are encouraging customers to switch to measured bills and reduce their per capita consumption.

Find out more about our Green Recovery Project supporting the rollout of smart meters on page 80.

HOME WATER EFFICIENCY CHECKS

We use our meter data to target customer internal leaks, and we have delivered 1.17 Ml/d savings this financial year as a result of this programme.

We see this as an opportunity to be effective with internal plumbing losses as well as promoting water efficiency. We proactively target customers who we know have a continuous flow at their property. Depending on the size of the continuous flow, we will check for a leak on the supply pipe and inform the customer that they can arrange to have the leak repaired. In January 2022, social housing providers allowed us to continue with our water efficiency checks. These checks support customers who find their bills unaffordable. We will carry out 10,000 home audits with social housing tenants each year until 2025.
Taking Care of an Essential Resource: Ensuring a Sustainable Water Cycle Continued

**Actively Managing Existing Impacts**

We are working with partners from the Environment Agency, Forestry England, Wildlife and River Trusts and AECOM to define the scope of our flow and habitat improvements at 11 sites. Our plans may include installing wetlands, removing weirs or restoring the natural shape of river beds and banks. These interventions help create a better environment for migratory fish and macroinvertebrates.

**Moving Abstraction to Less Vulnerable Areas**

We have committed to creating 68ML/d of new supply capacity to ensure security of supplies while reducing abstraction from unsustainable sources by up to 39ML/d by 2030 and we continue to work with the Environment Agency to review our abstraction licences.

**Balancing Water Needs Across Catchments**

We are playing our part to deliver the Government’s objectives for long-term national water resilience and to deliver our 25-year environment plan. As a core member of Water Resources West, we are working closely with our regional and national partners to leave the environment in a better state than we found it; and to improve the nation’s resilience to drought and minimise interruptions to water supplies. In January 2022 the group published its emerging regional plan, accessible [here](#).

We have also made progress in understanding ways of transferring water from the North West to the South East via interconnectors – a series of pipes, rivers and canals that can move water across the country when it’s needed. This work is required because, by the mid-2030s, the South East of England could be short of around 1,300 million litres of water a day. In January 2022 our initial plans, called ‘Strategic Resource Options’, received approval to progress to the next stage of feasibility studies. More information about these projects can be found [here](#).
SUPPORTING THE REGION: MAKING A POSITIVE DIFFERENCE

We invest in our communities and support those who need it most so that everyone in our region has the opportunity to thrive.

WHAT’S IN THIS SECTION?
- Overview
- Priorities and performance
- Employability and affordability
- Educating, inspiring and connecting with communities
- Making water affordable for everyone
- Our Community Fund
- The Green Recovery in action
The pandemic has greatly impacted many people in our communities, exposing the most vulnerable to greater risk of water poverty. Now that lockdowns are behind us, the challenges of rising inflation will put more customers at risk.

**GOAL** SUPPORT 42% OF CUSTOMERS WHO STRUGGLE TO PAY  
**PROGRESS** 48%

**GOAL** 5.2% SIGNED UP TO OUR PRIORITY SERVICES REGISTER (‘PSR’) BY 2022  
**PROGRESS** 5.7%

The pandemic has greatly impacted many people in our communities, exposing the most vulnerable to greater risk of water poverty. Now that lockdowns are behind us, the challenges of rising inflation will put more customers at risk.

**GOAL** 100,000 HOURS OF EMPLOYABILITY TRAINING BY 2023  
**PROGRESS** 25,000 HOURS

**GOAL** 500 KICKSTARTER PLACEMENTS OFFERED  
**PROGRESS** 513 PLACEMENTS ADVERTISED WITH 340 PLACEMENTS ACCEPTED

We want everyone in our region to thrive, and part of that is helping people gain skills that will increase their employability and earning potential.

While we are obviously focused on attracting the best talent into our organisation and developing

**GOAL** COMMUNITY FUND RAISED – £10M OVER 5 YEARS  
**PROGRESS** C.£4 MILLION

Our Community Fund, launched in 2020 and created to boost community wellbeing across the Severn Trent water region, is distributing £10 million to charitable causes over five years. The Fund supports local projects focusing on three elements of community wellbeing: people, places

**GOAL** 26,000 LEAD PIPES REMOVED  
**PROGRESS** 79 LEAD PIPES REMOVED

As part of the country’s Green Recovery from the COVID-19 pandemic, we have launched an ambitious package of investments aimed at delivering long-term, sustainable benefits for current and future generations in our region.

**GOAL** 300 GREEN RECOVERY ROLES AT SEVERN TRENT BY 2025  
**PROGRESS** 107 ROLES AT SEVERN TRENT
The pandemic has greatly impacted many people in our communities, exposing the most vulnerable to greater risk of water poverty. Now that lockdowns are behind us, the challenges of rising inflation will put more customers at risk.

We are taking steps and sharing data with other utilities to more quickly identify customers who struggle to afford their bills, make sure they are registered through one of our support schemes, and give them the help they need in these difficult times.

We want everyone in our region to thrive, and part of that is helping people gain skills that will increase their employability and earning potential.

While we are obviously focused on attracting the best talent into our organisation and developing the careers of our own employees, we also want to help wider society benefit from our experience and knowledge. Therefore we offer free skills and development training to individuals outside of our organisation to help them consider different career options, or gain the skills and confidence to secure a better role for themselves.
Our Community Fund, launched in 2020 and created to boost community wellbeing across the Severn Trent water region, is distributing £10 million to charitable causes over five years. The Fund supports local projects focusing on three elements of community wellbeing: people, places and the environment. Our Fund is overseen by an independent panel, made up of customers from across our region, with different interests and backgrounds. They award grants of between £2,000 and £200,000, reaching those communities most in need, which requires focusing our promotion of the Fund on social mobility ‘coldspots’.

We also launched a £50,000 Community Fund for Hafren Dyfrdwy to support local projects and give back to our wonderful customers and communities. Non-profit organisations can apply for between £2,000 and £10,000 for new projects that aim to improve community wellbeing across the Hafren Dyfrdwy patch.

In line with the Wellbeing of Future Generations Act for Wales, we want to work together to improve our environment and encourage healthier and more cohesive communities.

In the first funding round in September 2021 we were delighted to award c£29k to 4 projects within Powys & Wrexham, with projects successful in the second round of funding due to be awarded shortly.

As part of the country’s Green Recovery from the COVID-19 pandemic, we have launched an ambitious package of investments aimed at delivering long-term, sustainable benefits for current and future generations in our region.

Our investments address a wide variety of challenges, from pioneering cellulose recovery in treatment plants to protecting homes from flooding, all with the purpose of making our region greener, safer, more resilient to climate change, and more prosperous.
EMPLOYABILITY AND AFFORDABILITY

The connection between limited opportunities and water poverty

One in nine of our customers tell us that they struggle to afford their bills. We know that there are a number of reasons for this, including low wages, under-employment, unemployment, ill-health, or disability. Our goal is to make bills affordable as a minimum for all households, with water and sewerage bills being 5% of their income, after housing costs by 2030.

Water poverty, deprivation, and social mobility are closely correlated, meaning we are also able to support community efforts to overcome inequality and exclusion through these initiatives, in the same way we do in the workplace.

Though we cannot solve every challenge ourselves, we can focus on the areas where we can make the biggest difference, which is why we are investing in free training schemes and employment experiences. By offering these opportunities to people in our communities, we can increase their employability and boost their earning potential, which decreases the likelihood that they will suffer from water poverty.

Accelerating our ambition to eradicate water poverty for those who struggle to pay their bill is an important first step on our affordability journey.

Providing people with the skills and confidence to improve their prospects and stay out of water poverty is our long term goal.

JUDE BURDITT, DIRECTOR, CUSTOMER RETAIL AND TECHNOLOGY

Last year we invested in a number of actions to help people increase their employability:

- **40%**: 40% of Kickstarters who completed placements at Severn Trent have gone into work or back into full time education.
- **4,500**: Reached 4,500 students through our schools outreach and employability offer.
- **77**: New graduates and apprentices welcomed in 2021/22. Circa 15% of our graduates and apprentices are from Black, Asian or other minority ethnic backgrounds.

We believe that we can do more by building on these successes, exploring other initiatives, and working with like-minded partners, which will increase our positive impact on those most at risk within our communities.

Learn more
A Boost for Employability: Educating, Inspiring and Connecting with Communities

Working in the team at Severn Trent has been one of the best working experiences I’ve had so far.

Opportunities for all through Severn Trent programmes
In the last year we have continued to create opportunities for people in our community with diverse backgrounds and abilities, enabling them to develop skills and gain practical work experience, as well as engaging with new partners and making definitive commitments.

Continuing our support for the Government’s Kickstart Scheme
Following through on our continued commitment to youth employment in our region, we offered hundreds of Kickstart placements in all parts of our organisation. Launched at the end of 2020, Kickstart is a Government initiative aiming to put 16-24 year olds who are currently on Universal Credit and unemployed into six-month work placements.

We have created 513 placement opportunities and 340 young people decided to join us on the scheme in a wide variety of roles across the business – in operational and customer-facing teams, and support functions such as technology, HR, finance and engineering. As well as learning on the job, our Kickstarters were given four hours a week developing employability skills through our Academy training facility – significantly more than the scheme requires. Our Academy sessions for Kickstarters can be virtual or face-to-face, covering topics such as personal impact and effectiveness, leadership, and technology skills. We have also developed a Kick-on phase, as their placements with us come to an end. This looks at their CVs and interview skills, helping them get ready for their first job, wherever that may be. To date, we have helped over 130 applicants from the scheme move into full-time jobs or return to education.

In their own words:

#10000BlackInterns
We are delighted to be taking part in the #10000BlackInterns Programme this year and we are welcoming 72 black interns to gain work experience with us throughout the summer of 2022.

Opening our Academy to the community
We opened the Academy in February 2021, which gave us the opportunity to help build employability skills within our community, in addition to providing internal training programmes. From classroom and self-serve learning to virtual and experiential training, the Academy offers multiple options that take into account individual needs and reduce barriers to learning.

100,000 hours of free employability training
To support the region’s recovery from the economic effects of the pandemic and help get more people into work, we committed in May 2021 to provide 100,000 hours of free employability training over two years. Community sessions, run by our own Learning and Development Team, are a mix of workshops run at the Academy, virtual webinars or bespoke sessions at community locations to support individuals to increase accessibility and focus on skills, training, and meaningful work placements.

Visit our external learning portal to find out more about our offerings.
We've also opened up our Academy to support those who play a critical role in our community – recently with community police dog training.

Making learning accessible to everyone through the Academy
This year, the Academy will play an even larger part in our commitment to making learning accessible for marginalised groups. For example, we have partnered with Sense, a registered charity that helps anyone who is living with complex disabilities or who is deafblind to communicate and experience the world. This partnership will help promote our community offering to disabled jobseekers. We also co-hosted a Pan Disability Jobs Fair in April 2022 for over 150 disabled job seekers and increased our visibility as a key provider of accessible and inclusive work. This partnership also provides practical guidance on ensuring our internal offer is accessible to all.

ANDY DUFF BURSARY

The Andy Duff Bursary provides young people with a 'life chance' they wouldn't usually get, funding them through higher education studies so they can achieve their dream careers. Students can apply for the Bursary via the Social Mobility Foundation if they have a total household income under £25k and at least one of the following apply:

- They are from a social mobility cold spot
- They are the first generation to attend university
- They were eligible for free school meals

Our ambition is to secure them a career – either inside or outside Severn Trent – when they complete their studies.

Each student receives financial support for their studies, a Severn Trent mentor and free access to training at the Academy. We were also delighted that all of the students took us up on an offer of paid work experience in the summer, too.

We have just welcomed a second cohort of seven students who are taking a mix of subjects at University, including engineering, economics and science. The bursary programme will reach full capacity of 25 in the next academic year.

I am so grateful for the opportunity at Severn Trent. Not only will the funding support me, so I can learn to drive and buy the resources that I need, but it will also help me gain real-life experiences within industry that will help when I look to begin my career.

MARYLSON CARIATA,
STUDYING CIVIL ENGINEERING AT NOTTINGHAM UNIVERSITY

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MARYLSON CARIATA,
STUDYING CIVIL ENGINEERING AT NOTTINGHAM UNIVERSITY
A BOOST FOR EMPLOYABILITY: EDUCATING, INSPIRING AND CONNECTING WITH COMMUNITIES CONTINUED

For the past six years, Severn Trent has partnered with Hereward College to offer nine-month long supported internships to young adults with disabilities. Without such opportunities, these young people are three times more likely to be unemployed than their contemporaries without disabilities – so offering real work experience helps give people the inspiration, skills and confidence they need to boost their chances of entering paid employment after leaving college.

This year’s new Hereward recruits are Cameron, who’s writing for the Comms Team, and Ryan and Caleb, who are working within an admin role for Health and Safety. With the success of the Employability Scheme at our head office in Coventry, this year we have expanded the scheme, welcoming a new intern, Joe, to our Shrewsbury office, where he will be working across various departments.

What our interns had to say about their experiences:

**Cameron:**
Although the idea of working at such a big company like Severn Trent was daunting at first, I quickly fitted into my roles within the Comms Team.

**Caleb:**
Working within Health and Safety is great for me. If I need to have a break due to medical reasons, I can because of how understanding Severn Trent is about my needs.

**Joe:**
Although the first day was nerve-racking for me, I quickly grew accustomed to working at Severn Trent and now I enjoy my time here.

As COVID-19 restrictions lifted, our passionate team of Education Officers returned to primary schools offering to teach Key Stage Two students about healthy hydration, water efficiency and healthy sewers. Our Education Officers collect behaviour change commitments related to these topics. We also attend secondary schools helping to educate students on the role of Severn Trent as an essential service provider in their communities, how important healthy sewers are to the environment and provide an insight into careers at Severn Trent. Through these sessions, we have attended 140 schools, collecting 80,656 commitments from the next generation of customers.
We recognise that water and waste services are an essential public service and therefore they need to be affordable for everyone. Although we have some of the lowest bills in the UK, we are aware that some of our customers struggle to pay their bills. Those who need support most often have difficulty accessing it, and we strive to be sensitive and sympathetic to our customers’ experiences. Whatever the circumstance, our support schemes, and our people are here to help.

Support for customers
This year we have supported around 215,000 customers financially, more than we ever have before representing a 27% increase year-on-year. This represents 48% of the customers who we consider struggling to pay. We have achieved these increases by building additional strategic partnerships that allow us to share data with organisations to improve our ability to get in touch with customers in need. We have established 12 new partnerships including Notts Energy Partnership, Wrekin Housing and Severnside Housing.

Introducing the Care Leaver’s Programme
In 2020, we launched an industry first initiative to provide financial support to care leavers as they move into independent living. A care leaver is an adult who has spent time living in the care system, away from their family. We partnered with Coventry City Council to support 400 young adults and fast-track them on to the Big Difference Scheme and receive up to 70% off their bills. We are proud to be the first utility company to join up with a local authority, offering this type of support to care leavers, and we hope to work with more local authorities across our region in the future. This involves fast tracking young adults to our social tariff, the Big Difference Scheme, as they transition from the care system to independent living. The Big Difference Scheme offers customers with the lowest incomes, who are struggling the most, a reduction in their bill, anything from a 10% reduction up to 90% of our average charge.

After a successful trial with Coventry City Council, we have rolled it out to other councils in the region.

Improving access
It is important to get the right customers onto our Priority Services Register, a list of customers who qualify for extra support during a supply interruption. Therefore we have improved access to our website, and we enrol customers of a pensionable age. To ensure customers provide consent when they need help, we use email, WhatsApp and mail. We share priority services data with other utilities like Western Power Distribution, which increases the number of customers supported.

Helping our Hafren Dyfrdwy customers
Having supported more than 4,321 customers financially in 2020/21, this year we raised the number to over 6,624 – more than ever before – representing 53% of customers who are struggling to pay. We have achieved this by building awareness across Wrexham and Powys of the schemes and support that we have in place. We have worked with the local Citizens Advice Bureau and Council, as well as local housing associations to do this. We are also building our Priority Services Register in the same way as our colleagues at Severn Trent Water.

Severn Trent Trust Fund
Every year since 1997, we donate £3.5 million to the Severn Trent Trust Fund, an independent local charity that administers grants to support those in financial difficulty. Since it began in 1997, it has helped households with water grants, financial and budgeting advice and, in exceptional circumstances, buying essentials such as beds and kitchen appliances. This year, the Trust Fund provided just under 4,000 grants to help people in arrears with their water bills.

Severn Trent Trust Fund Case Studies
How our Trust Fund helps vulnerable members of our community:

Mr. C, Chesterfield
Miss T, Leicester
FOCUS ON AFFORDABILITY:
MAKING WATER AFFORDABLE FOR EVERYONE

Mr. C, Chesterfield

Mr. C was a homeowner with a good job and a stable family life, before he suffered a severe head injury and stroke, causing him to have very complex health problems that impact his everyday life. He lost the ability to work, to plan and to make safe decisions, and his marriage broke down.

For the last eight years he has lived alone in rented social housing and, because of his vulnerability and living conditions, he was left with no funds to pay his bills. Fortunately, Mr. C is in the process of being rehoused, and his support worker is helping him with his finances. The Trust Fund paid off his water account and put him forward for the Big Difference Scheme.

Miss T, Leicester

After an assault at work, Miss T was left with physical and mental trauma that made it impossible for her to return to work, and she has gone from being confident and independent to being isolated and scared in her own home.

She was diagnosed with Post Traumatic Stress Disorder (PTSD) and has been through a very difficult 18 months, which impacted her ability to pay her household bills. The Trust Fund paid her outstanding water bill and put her forward for the Priority Services Register. She is already on the Big Difference Scheme, which will make her future payments more affordable.
In January 2020, we launched the Severn Trent Community Fund to boost community wellbeing throughout our region because we want to help the people in our communities thrive.

This year, we have also been using tools such as the deprivation index and community wellbeing measures to target the hard-to-reach communities most in need of our support and encourage their applications. Through this initiative, we have awarded £731,000 to the communities that are in the 20% most deprived areas in our area.

Commitment
£10 million donated between 2020 and 2025 to local charitable organisations

Performance
c. £4 million has been donated to date, c. £2 million of which was donated this year helping 73 projects across our region and supporting over 1.15 million beneficiaries

Outcomes from Community Fund grants this year:

44% of projects were based on health, leisure, learning or skills, which help people lead a healthier life and gain new skills

69* community spaces improved

731,000 m² Over 731,000 m² of the environment improved

* Some numbers are a mixture of actual and those predicted from applications.
SUPPORT FOR THOSE WHO NEED IT: OUR COMMUNITY FUND CONTINUED

HOW THE FUND WORKS

We ask non-profit organisations to apply for grants of between £2,000 and £200,000 to support community projects within three themes:

- Helping people lead a healthier life and gain new skills;
- Helping create better places to live in or use; and
- Looking after or accessing our natural environment or improving how we look after water.

An independent panel of Severn Trent customers decides on these awards. The eight panel members come from across our region and have different interests and backgrounds. They meet quarterly and have virtual reviews each month. This year they had some tough decisions to make, with applications from over 350 organisations. They help us find where we can have the greatest impact and look for projects that can continue past the point of funding, through the organisation’s own staff and volunteers.

Circus Strong

is an LGBTQ+-friendly circus group, based in Nottingham. They train individuals in Crossfly, a mix of CrossFit and aerial skills, and our grant helped them move from online classes and counselling to face-to-face teaching.

Radford Care Group

is a day-care centre in Nottingham for older people, offering services for those who are independent, as well as those who are more dependent and may have a life limiting condition such as dementia. With the grant, they have created a lovely garden complete with remote-controlled awning for poor-weather days.

Penguino’s Nature Reserve

With our grant, the nature reserve at University Hospital Coventry and Warwickshire will be able to provide a blissful relaxation area for respite and recovery for patients, staff and visitors, including wheelchair-accessible paths, viewing decks, benches and much more.

Providing a safe space that allows people to be themselves without fear of judgment is incredibly important to us and we can help people stay active and learn some unique skills.

Our older members have been enjoying the garden and making bird feeders as well as insect houses. Two of our carers, whose loved ones have sadly passed away, asked if they could put a commemorative bench in the garden.

It will allow our patients and their families to escape into nature and to get away from their worries. Our clinical and support teams will be able to take a break from the stress of their working environment, which will make such a huge difference to their health.

HOLLY HUTCHINSON,
RINGMASTER AND DIRECTOR

JILL DAVIES,
CEO

JO O’SULLIVAN,
CHARITY DIRECTOR
Academy Team to create an apprentice course to be rolled out nationally at the end of the programme.

We have signed up 2,015 customers and inspected 799 of those. It is preferable to recruit the whole street at the same time, as this is efficient and limits disruption to the customers. One way of solving this is through housing associations and targeting housing built before 1970. To date, we have engaged with the following:

– Citizen – 16,000 properties
– Orbit – 1,000 properties
– Midland Heart – 3,000 properties

Working with the housing associations will also help us with the most challenging aspect of this project – joint supply. So far 80% of properties surveyed are on joint supplies, making it difficult to get them all signed up and available on the same day so new connections can be laid and switched over.

At the same time that we are replacing the main within an area, we are also looking for efficiencies to replace supply pipes at the same time.

We partnered with various organisations to help manage the project’s complexities and innovations, including:

– Sheffield University on an innovation to detect lead in homes, currently used in mining/railway industries to check for voids; and
– Global Navigation Satellite System to report and record location of assets; this is critical for future maintenance of the assets.

We are also working to find a solution for partial lead replacement where newer extensions are being built on older properties with non-lead material.

Our Green Recovery projects

The Green Recovery is the water companies’ contribution to economic recovery from the pandemic. That’s why we’ve created our £566m (2017/18 prices) Green Recovery programme and is the biggest investment of any water company in our green future.

Last year we launched a number of Green Recovery projects in partnership with local organisations, and we also started a new trial this year. These investments are making the Severn Trent region greener, safer, more resilient to climate change, and more prosperous.

There were challenges in implementing the complex projects we have undertaken, some of which are firsts for the water industry in the UK. Supply chain capacity needed to be addressed during a period of increased inflation, which affects funding requirements. We make these investments while keeping our bills affordable by raising new finance from investors.

Our progress

79 lead pipe removals have already been completed. Working with the plumbers from the local area enables us to deliver at pace. We held a plumbers’ forum at our Hawksley Park Academy with plumbers from 17 companies, and we are also working closely with our...
Our progress
Over 30,000 smart water meters have already been delivered so far. We have concluded the tender to secure suppliers and services at the beginning of January 2022. We will be partnering with Itron for the hardware and Connexin for the data communications network. In parallel we have been working with our supply chain to establish the process to complete the meter installations. We are currently finalising the installation schedule, geographically, of the remainder.

We are also working with our internal technology teams on the visualisation/data analytics in order to make improvements in some of our critical KPIs, such as per capita consumption and leakage.

Our goal
- Raise awareness of water efficiency, making customers more conscious of the environmental impact of their usage and of unchecked leaks.
- Help customers save water, while saving money on their water bills. We’ll also be able to target high users during periods of high demand, reducing interruptions for all customers.
- Improve our data capture, giving us a better understanding of our water balance.
- Reduce the need for future investment in water resources – a Government objective for the whole country.

Our approach
- Roll out a large-scale trial of 157,239 smart water meters across Coventry and surrounding areas.
- Install 66,000 new meters and 91,000 replacements, mainly in water-stressed areas in Warwickshire. These will help us reduce peak-time demand as customers use water more efficiently, while also helping us reduce leakage by enough to supply a town the size of Market Harborough (population over 22,000).
By investing in our people, encouraging innovation, and creating a culture of inclusivity that supports employees from diverse backgrounds, we strengthen our business.

WHAT'S IN THIS SECTION?
- Overview
- Priorities and performance
- Creating a diverse and inclusive workplace
- Future-proofing our skills and knowledge
- Building an innovative business
- Supporting our employees
- Working with our suppliers
- Being a company you can trust

BUILDING A BETTER BUSINESS: IN SHAPE TO SUCCEED
PRIORITY AND PERFORMANCE

CREATING A DIVERSE AND INCLUSIVE ENVIRONMENT

Diversity means more than demographics. It brings different experiences, perspectives and approaches to our teams that can improve our business and our culture. Having a workforce that reflects the communities we serve also gives us a better understanding of those communities and their needs.

**Goal**: 14.1% of employees from minority ethnic backgrounds

**Progress**: 10% achieved

**Goal**: 35% female employees

**Progress**: 29% achieved

**Goal**: People from different backgrounds are treated fairly at Severn Trent

**Progress**: 8.7/10

BUILDING AN INNOVATIVE BUSINESS

We cannot progress if we do not innovate. Some of our goals are predicated on technologies and solutions that have not yet been invented, which makes a culture of innovation vital to our future sustainability as a business. Our innovation framework and World Water Innovation Fund are key to our future success.

FUTURE-PROOFING OUR SKILLS AND KNOWLEDGE

It is our ambition to have the most skilled workforce in the sector, and that means having a comprehensive training programme. The Severn Trent Academy, which opened in 2021, offers a range of learning programmes, including health, safety and wellbeing; technical skills; and customer support.

**Goal**: Continue to train and upskill our employees

**Progress**: 17,000 learners

**Goal**: Deliver 100,000 hours of free employability training

**Progress**: Over 25,000 hours delivered

SUPPORTING OUR EMPLOYEES

We can only look after one of life’s essentials if we look after our people. Regardless of whether our employees are in an office, operating machinery, dealing with hazardous materials, or traversing rugged terrain, we are one team, and the health, safety, and wellbeing of all of our people is paramount.

**Goal**: Zero mindset, <20 LTIS target

**Progress**: 19 LTIS
In order to meet our Scope 3 emissions targets, we must engage our suppliers in our sustainability journey and help them begin or continue their own. Our Supply Chain Sustainability Strategy establishes sustainability considerations throughout our procurement and contract management process.

**GOAL** SIGN UP TO OUR CHARTER
**PROGRESS** OVER 1000 SUPPLIERS

Trust is crucial to our business – our stakeholders must trust us to perform a vital service safely and sustainably. This year, that trust was damaged, when the media reported on poor river conditions and the water sector’s part in creating the problem. This has only strengthened our commitment to

**GOAL 100% TREATMENT WORKS COMPLIANCE**
**PROGRESS** 99.34% COMPLIANCE

**GOAL IMPROVE 15 WATER FRAMEWORK DIRECTIVE POINTS BY 2021/22**
**PROGRESS** 15 POINTS
Diversity means more than demographics. It brings different experiences, perspectives and approaches to our teams that can improve our business and our culture. Having a workforce that reflects the communities we serve also gives us a better understanding of those communities and their needs. By creating an inclusive work environment that is fair to all, we can help our employees realise their full potential and exceed expectations.

We cannot progress if we do not innovate. Some of our goals are predicated on technologies and solutions that have not yet been invented, which makes a culture of innovation vital to our future sustainability as a business. Our innovation framework and World Water Innovation Fund help us engage with partners globally and collaboratively to come up with circular solutions for the water industry. Last year, three of our bids for Ofwat’s innovation funds were successful and two are already in trials. And we continue to encourage all of our employees to get involved in the Challenge Cup – our annual competition to raise new ideas for experimentation and trialing.
It is our ambition to have the most skilled workforce in the sector, and that means having a comprehensive training programme. The Severn Trent Academy, which opened in 2021, offers a range of learning programmes, including: health, safety and wellbeing; technical skills; customer experience; leadership; and professional development. We also attract talent and build on our skills through our graduate and apprentice schemes. And the Academy provides free training for our communities, expanding the pool of employable talent in our region.

FUTUREPROOFING OUR SKILLS AND KNOWLEDGE

We can only look after one of life’s essentials if we look after our people. Regardless of whether our employees are in an office, operating machinery, dealing with hazardous materials, or traversing rugged terrain, we are one team, and the health, safety, and wellbeing of all of our people is paramount. That’s why we’ve introduced extra support such as the creation of an Elective Treatment Fund which will offer support with pre-existing medical conditions - whilst giving you the chance to apply for 50% of the cost of your treatment in response to the increase in waiting lists for elective treatment since the pandemic. Colleagues, customers and contractors must be treated with equal care and compassion, because we are all essential to the continued success of our business and our sustainability goals.

SUPPORTING OUR EMPLOYEES

We continue to prioritise supporting mental health as essential to the flourishing of our employees and create culture of openness around mental health. Our LTI rate is our best ever performance and best in sector performance.

PRIORITIES AND PERFORMANCE CONTINUED

- On target
- In progress
- Achieved
In order to meet our Scope 3 emissions targets, we must engage our suppliers in our sustainability journey and help them begin or continue their own. Our Supply Chain Sustainability Strategy establishes sustainability considerations throughout our procurement and contract management process. Our suppliers are directed to sign up to our Supply Chain Sustainability Charter, which requires them to commit to our sustainability principles and set a Science-Based Target.

Trust is crucial to our business – our stakeholders must trust us to perform a vital service safely and sustainably. This year, that trust was damaged, when the media reported on poor river conditions and the water sector’s part in creating the problem. This has only strengthened our commitment to restore our rivers for now and for the long-term environmental health of our country. To that end, we are going above and beyond the requirements set out by the Water Framework Directive (WFD) to clean up our rivers and ensure that future generations can access to their precious resources sustainably.
ACCESS AND OPPORTUNITIES FOR ALL:
CREATING A DIVERSE AND INCLUSIVE WORKPLACE

Diversity commitment

<table>
<thead>
<tr>
<th>OUR LONG-TERM DIVERSITY TARGETS*</th>
<th>TODAY’S PICTURE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ethnic minorities 14.1%</td>
<td>▼ 9.8%</td>
</tr>
<tr>
<td>- Asian background 8.7%</td>
<td>▼ 6.5%</td>
</tr>
<tr>
<td>- Black background 2.6%</td>
<td>▼ 1.6%</td>
</tr>
<tr>
<td>- Mixed background 2.2%</td>
<td>▼ 1.4%</td>
</tr>
<tr>
<td>- Others 0.8%</td>
<td>▼ 0.3%</td>
</tr>
<tr>
<td>Gender (% of females) 35%</td>
<td>▼ 29%</td>
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</tbody>
</table>

* Targets were set in September 2021, so show the extent of progress in a short period of time

Inclusion commitment

<table>
<thead>
<tr>
<th>OUR INCLUSION TARGETS</th>
<th>TODAY’S PICTURE</th>
</tr>
</thead>
<tbody>
<tr>
<td>QUEST Employee engagement score 8.1/10</td>
<td>8.2/10 (based on global benchmark) (in the top 10% of utility companies in the world)</td>
</tr>
<tr>
<td>QUEST equality question People from different backgrounds are treated fairly at Severn Trent 8.1/10</td>
<td>8.8/10 (employee aggregated) (based on global benchmark)</td>
</tr>
<tr>
<td>QUEST equality question Parity between ethnicities and genders Men 8.8</td>
<td>Women 8.9</td>
</tr>
<tr>
<td>Ethnic minorities 8.0</td>
<td></td>
</tr>
</tbody>
</table>

We are creating a workplace that’s fair for all

We are building a fair working environment, where everyone has the opportunity to succeed. Regardless of their age, ethnicity, gender, physical or mental wellbeing, religion, sexual orientation, or socio-economic background. We want our people to trust that they can feel safe to speak and act freely; to get curious about each other and embrace our differences. This is what creates happier and higher performing employees.

Reflecting our communities and nurturing a culture of inclusion

We launched our new diversity and inclusion (‘D&I’) ambition and strategy in September 2021. Its purpose is two fold: on diversity, to help us become a workforce that reflects the communities we serve, and on inclusion, to provide a fair working environment where everyone can succeed. We call it Wonderfully You and, for the first time, we have set long-term gender, ethnicity and inclusion targets so that we can enable diversity to thrive.

Five-part inclusion plan

1. WE’RE STARTING AT THE TOP partnering our Executive Team with D&I employee reverse mentors, from an under-represented group at Severn Trent
2. EVERYONE HAS A VOICE THROUGH OUR EMPLOYEE ADVISORY GROUPS each with an Executive Sponsor and voluntary employee chair, empowered to raise awareness and work with external bodies to create the right policies and interventions
3. WE’RE ALL GETTING CURIOUS educating management and employees to better understand the issues and respect the people they work with
4. WE’RE BREATHING NEW LIFE INTO OUR POLICIES and we’re writing new ones to support the changing way we live and work
5. PHYSICAL ENVIRONMENT IMPROVEMENTS upgrading our sites to improve access and increase the number and variety of facilities available for employees with different needs
ACCESS AND OPPORTUNITIES FOR ALL:
CREATING A DIVERSE AND INCLUSIVE WORKPLACE

WONDERFULLY YOU – OUR AMBITION

We're creating a workplace that's fair for all
We're building a fair working environment, where everyone has the opportunity to succeed. Regardless of their age, ethnicity, gender, physical or mental wellbeing, religion, sexual orientation, or socio-economic background. We want our people to trust that they can feel safe to speak and act freely, to get curious about each other and embrace our differences. This is what creates happier and higher-performing employees.

We're building a workforce that reflects the communities we serve
The Severn Trent patch is a wonderful assortment of diversity. And we serve everyone. People from every walk of life, all with different needs. They're our neighbours, our friends, and our family. Tapping into every available talent source in our patch ensures we have a range of backgrounds, experiences, opinions, and value sets in our organisation – bringing fresh ideas and perspectives. So, our diversity ambition is to have a workforce that reflects the communities we serve.

Making a positive difference in our local communities
Throughout our plan, we also want to make a positive difference in our local communities. We're one of the biggest employers in our region, investing in skills and careers. We want to be a force for good, breaking down myths, stereotypes and barriers so that we can influence the life chances of future generations.
9.4% of our apprentices are from ethnic and minority backgrounds, and we almost tripled the number of females in apprenticeship roles in 2021. We aim to make our future apprentice intakes increasingly diverse and especially want to attract more women into the operational apprenticeships.

We are also exploring new initiatives like the #10000BlackInterns programme. We have made 72 offers to students to join us on an 8 – 12 week internship this summer and we aim to keep in touch with those that want to apply for our graduate or apprentice programmes following the completion of their degrees.

ACCESS AND OPPORTUNITIES FOR ALL: CREATING A DIVERSE AND INCLUSIVE WORKPLACE

Diversity
In September 2021, we set ourselves long-term ethnicity and gender targets in line with our community demographics for the first time. We are pleased to have made progress in every category, but now want to focus on increasing the pace of change.

Our in-house recruitment model has given us more control over the diversity of our hires. We never positively discriminate in our selection process, but do target our outreach to reach under-represented groups. We are also committed to creating a level playing field for all candidates and removing barriers and bias including steps like diverse selection panels wherever possible. We also offer upfront support such as our free recruitment and interview advice on our website, and the 100,000 hours of free employability training via our Academy, so that previous interview experience is not a blocker for some candidates.

What we are doing:
– Widening our targeted outreach through our New Talent programmes to attract more applications from under-represented groups
– Breaking down traditional stereotypes that might prevent people from considering certain careers by targeting them in schools, colleges and universities, and using positive role modelling
– Targeting specific parts of our communities with our online and face-to-face recruitment outreach so that they are aware of vacancies
– Using diverse selection panels wherever possible

We are also focusing on how we collect more diversity data about our existing employees, including information about disabilities, long-term health conditions, sexual orientation and social mobility. Since implementing a new HR system in summer 2021, 4% of employees have opted to participate. We will be conducting a bigger push in the year ahead to increase this number further.

Inclusion
We use our employee engagement survey to track our progress against our inclusion targets, aiming to be above global benchmark for engagement and equality, with parity between how genders and ethnicities rated these questions. Our November 2021 survey results when asked about equality showed we are still ahead of the benchmark (8.8 compared with a benchmark of 7.4).

We predicted that our equality scores would dip as we raised awareness of the issues and challenges that some minority groups face and we did see a small reduction, but were reassured that it still remained well ahead of the benchmark.

We were also pleased that we almost have parity between how men and women rate equality and engagement (8.7 versus 8.8), but we know we have more work to do to bring different ethnicities in line with each other.

NEW TALENT PROGRAMMES

Long term, one of our greatest opportunities to improve gender and ethnic diversity is through our New Talent programmes, including our apprentice, graduate, undergraduate, Bursary and internship schemes.

We are targeting under-represented groups in our upfront engagement and collaborating with schools, colleges and universities across our patch to break down historic stereotypes that might exist and inspire people into future careers. We host free school talks and careers advice, offer work experience and internships, as well as hosting our very own Severn Trent Discovery Days at our Academy, where people can try out certain careers and activities for the day.

Our graduate programme remains the most successful gateway into the organisation both for the proportion of females 43.8% and ethnic minorities 40.6%. It considerably out-performs on diversity of hires, but also has a successful track record in developing talent, with 86% of graduates progressing to the next level up, and 26% achieving Business Lead or above. And, over 80% of our female graduates who complete the scheme move into a STEM or operational career with us.

Diversity for us, is employing talented people that truly represent the customers in our communities. After all, we serve everyone. So, we want to reflect and understand everyone too.

KAT GREENWOOD, HEAD OF RESOURCING AND NEW TALENT

9.4% of our apprentices are from ethnic and minority backgrounds, and we almost tripled the number of females in apprenticeship roles in 2021. We aim to make our future apprentice intakes increasingly diverse and especially want to attract more women into the operational apprenticeships.

We are also exploring new initiatives like the #10000BlackInterns programme. We have made 72 offers to students to join us on an 8 – 12 week internship this summer and we aim to keep in touch with those that want to apply for our graduate or apprentice programmes following the completion of their degrees.
Employee advisory groups (‘EAGs’)
Our D&I employee advisory groups also continue to play an important role in championing progress, giving employees a voice across the organisation, educating each other about our differences, and having their say in our company policies and procedures.

We now have four EAGs: LGBTQ+, Ethnicity, Disability, and the new addition of a Women in STEM and Ops group. Each is sponsored by an Executive Committee member and has an appointed voluntary employee chair.

**ACCREDITATIONS AND RANKINGS**
We continue to maintain a strong presence in external indices, including:

- **5TH** in the Social Mobility Index, where we have been in the top 10 for three years running.
- **TOP 10** for Board diversity in the FTSE Women Leaders Review (the successor to the Hampton-Alexander Review).
- **16TH** Ranked 16th in Equileap’s Gender Equality Global Report.
- **1ST** Tortoise Responsibility100 Index.
- **40TH** Stonewall Workplace Equality Index.

**400+**
Created an ally network with over 400 colleagues in LGBTQ+ matters

**72**
Interns joining us this summer on the #10000BlackInterns programme
Our LGBTQ+ network was set up in 2017, our LGBTQ+ Advisory Group has done a tremendous job of educating the business about LGBTQ+ matters, past and present, celebrating those all-important events and championing everyone’s diversities. The group has created an ally network with over 400+ colleagues, completed over 20 lunch and learns throughout 2021, with around 1,400 colleagues and senior leaders attending the sessions, and engaged in internal company-wide campaigns reaching all colleagues. The group’s activities have helped us progress from 175th to 40th in the latest Stonewall Index, an amazing result which means we have achieved our ambition to become a top 100 workplace equality employer.

As a group we’ve come such a long way and I’m so thrilled to be helping to make Severn Trent a truly inclusive place – from our advisory group members to senior management and all our other allies. It really is only just the beginning. We’ve got so much in the pipeline to continue educating, celebrating, and raising awareness of key diversity and inclusion matters. From lunch and learns to a massive Pride event to come, there’s going to be so much going on.

NATASHA HAYWOOD, LGBTQ+ ADVISORY GROUP CHAIR

Our Ethnicity Employee Advisory Group meets monthly and helps drive more ethnic diversity in our recruitment whilst helping to reduce the gap in how different ethnicities score their employee engagement and equality surveys.

The group has helped the organisation celebrate Black History Month, where we recognised and celebrated the contributions black people have made in history, and launched a series of podcasts, lunch and learns and blogposts to educate employees across the business.

The group is now working to ensure that the 72 interns joining us this summer on the #10000BlackInterns programme have an amazing experience with us.

I am proud to be a part of the Ethnicity Employee Advisory Group because it allows me to have a say in how the business approaches diversity and inclusion. This is important to me, as everyone deserves to be themselves at work and be treated equally regardless of their ethnicity.

TEAGAN WILLIAMS, MEMBER OF THE ETHNICITY EMPLOYEE ADVISORY GROUP

ACCESS AND OPPORTUNITIES FOR ALL: CREATING A DIVERSE AND INCLUSIVE WORKPLACE CONTINUED
Our Disability Advisory Group raises awareness of the full spectrum of disability, influences our policies to be more inclusive, and measures progress towards our ambitions, so that all of our colleagues feel empowered to fulfill their potential. This year the group worked with the Business Disability Review to implement more inclusive business policies, reviewed the accessibility requirements of our estate, created and rolled out an employee supportive pack, and engaged the business to better understand the challenges our colleagues might face.

ANDY FARRELL, CHAIR OF THE DISABILITY ADVISORY GROUP

We're completely committed to increasing the number of women working in STEM and Operational roles and are focused on both attracting women into the business and retention & development. We are working on how we help influence girls at school age to see STEM careers as an option, through to women who may have left the workforce but would like to return. We're also committed to helping to evolve technology to open up roles to a wider audience & help create a workplace that is open to all. We're determined to help bring about change and feel 35% is a bold target for right now and our actions will help us achieve this.

DANIELLE CHERRY, CO-CHAIR WOMEN IN OPERATIONS AND STEM GROUP
FUTURE-PROOFING OUR SKILLS AND KNOWLEDGE

INTERNAL LEARNING AND DEVELOPMENT AT THE ACADEMY AND OUR NEW TALENT PROGRAMMES

27,836 training days (an average of 3.84 training days per employee)

151 apprentices,
31 graduates and
25 undergraduates on our New Talent programmes

2,500 events hosted at Hawksley Park in the past year

AHEAD OF THE CURVE:

ESTABLISHING THE SKILLS NEEDED FOR THE FUTURE OF OUR BUSINESS

Having a skilled workforce in tune with the customers we serve is essential to succeeding as a business. This helps us to model where we are likely to lose knowledge and skills through retirements and attrition, where it should be easy to replace those with diverse talent within our communities, and where we are best to build our own capability through our Academy or New Talent schemes.

THE ACADEMY EXPANDS LEARNING AND DEVELOPMENT OPPORTUNITIES

Our Academy opened its doors in February 2021 with the aim of having the most skilled workforce in the industry. It offers learning opportunities for everyone, whatever stage of their career, as well as the potential for people to reskill as jobs change over time, or as they seek a change of direction in their career. We are also a registered apprenticeship training provider, one of two water companies to have Ofsted accredited learning – and we are delivering two in-house apprenticeships for waste treatment and water networks, with a third (water treatment) to be launched later this year.

Improving skills and creating careers through New Talent programmes

Our Apprenticeship, Undergraduate & Internships and Graduate New Talent schemes are an effective way to ensure we have the right skills and diverse talent resilience for the future. According to the Institute of Student Employers, on average employers retain 67% of school leavers and 53% of graduates after five years. At Severn Trent, we are significantly overachieving this and retaining 85% of our apprentices and 77% of our graduates. Coupled with progression rates of 62% and engagement scores of 8.9 for our apprentices and 8.5 for our graduates, we can be confident that we are creating a thriving and engaging environment for our New Talent joiners.

Our New Talent programmes inspire people from all walks of life into varied careers and actively develop employability skills. We positively impact society through Schools Outreach, Employability Schemes & Work Experience, Kickstart, the Andy Duff Bursary, and #10000BlackInterns New Talent schemes, detailed in the ‘A boost for employability’ section.

I enjoyed the VR manual handling and tapping into the mains and fitting the ferrule (connection-sealing piece for pipes). I felt that these practical exercises would help me out in the field.

REPAIR AND MAINTENANCE OPERATIVE
Benefits of building skills in-house

AHEAD OF THE CURVE: FUTURE-PROOFING OUR SKILLS AND KNOWLEDGE

– Tailoring our programmes to our business needs with engaging, relevant, up to date content aligned to our ways of working
– Creating a more resilient and competent workforce, where our people embed and apply their learning
– Offering externally accredited, national standard programmes audited by Ofsted, providing assurance to our regulators and future-proofing our licence to operate
– Having the skills in the workplace to mentor others in real-time
Build our future through innovation

Innovation runs throughout our organisation and is embedded within one of our values: Embracing Curiosity. Without innovation, we risk missing opportunities to improve operational performance and we cannot deliver on our Triple Carbon Pledge or our Science-Based Targets because many of the solutions we need do not yet exist or are not yet feasible. We recognise that we do not have all the answers and we are not in this on our own. To help us, our customers, and the planet push beyond our boundaries and seek out new ideas from outside the water industry, we have adopted an ‘open innovation model, involving external stakeholders in the process.

ENCOURAGING AND ACCELERATING SMART SOLUTIONS:
BUILDING AN INNOVATIVE BUSINESS

Our nine pillar ecosystem has been established to utilise the knowledge, skills and expertise across a broad range of sectors, partners and continents:

1. Innovation ‘Catalyst’
2. Innovation ‘Vanguard’
3. Wavemakers
4. Challenge Cup
5. Government & Regulators
6. Supply Chain
7. Funding & Partnerships
8. UK Innovation CoE
9. World Water Innovation Foundation

ECOSYSTEM

Our Innovation Ecosystem

Our nine pillar ecosystem has been established to utilise the knowledge, skills and expertise across a broad range of sectors, partners and continents.

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## Our Innovation Ecosystem

Our nine pillar ecosystem has been established to utilise the knowledge, skills and expertise across a broad range of sectors, partners and continents:

<table>
<thead>
<tr>
<th>1. Innovation 'Catalyst'</th>
<th>2. Innovation 'Vanguard'</th>
<th>3. Wavemakers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Our recently launched international scouting approach, deploying our technical experts to technology hotspots.</td>
<td>The international carbon advisory and collaboration group.</td>
<td>Our ‘innovation in the community’ plan; engaging our customers in developing innovative solutions.</td>
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<tbody>
<tr>
<td>We are continuing our annual competition for colleagues to pitch new ideas for experimentation and trialling. This year we are extending this to our suppliers.</td>
<td>We have relationships with key funding providers to maximise the opportunities that have been presented through the UK Government’s recent budget announcements.</td>
<td>We are engaging with our framework providers to help us identify solutions to some of the most significant challenges.</td>
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<tbody>
<tr>
<td>We partner with other organisations within our sector to share best practice and access funding opportunities.</td>
<td>We are actively involved in shaping ‘Spring’ (the sector innovation centre of excellence), facilitating collaboration and knowledge sharing that brings research to life.</td>
<td>Central to this forum is an open innovation approach, where each participant will openly publish their research, so that our shared intellect, resources and ambition can make a real difference for generations to come.</td>
</tr>
</tbody>
</table>
In April 2021, we were awarded £420,000 funding for three ground-breaking projects in Ofwat’s first Innovation in Water Challenge:

**Fibre leak detection** – an emerging technique that uses a laser to detect noise at intervals along a fibre inside or alongside a water main or waste water network. This will allow us to lower the cost of detecting leaks (as there’s already a significant fibre telecoms network). Hafren Dyfrdwy will be working with Dwâr Cymru (Welsh Water), Costain and Focus Sensors to investigate the possibilities.

**Progress:** Fibre has been laid at the trial site and we began trials in January 2022.

**Reaching vulnerable customers** – this project aims to improve contact with hard-to-reach customers and communities during both planned and unplanned events, understand which forms of communication customers prefer, and offer help with managing bills. We will be working with the Consumer Council for Water, South East Water and Thames Water on using behavioural and data science to support customers in vulnerable circumstances.

**Progress:** We are working with schools and local communities to understand challenges and trial various engagement approaches in the pilot area in Leicester.

**AIOT catchment management** – a secure blueprint for the AIOT [artificial intelligence of things] and AI-based intelligent control of waste catchments that will minimise pollutions and flooding events.

**Progress:** In planning phase with the partners (including Microsoft, NCSC and BT).

In March 2022, we were awarded £1.6 million for another three projects in the second Water Breakthrough Challenge:

**Catalysing a net-zero future**

**A HERU for screenings**

**Tap water forensics**

SmartValve is an app designed by one of our employees to track the operation of our valves using mobile phones. Accurate tracking helps us maintain our valves within the correct operating profile, which reduces the likelihood of water quality issues, bursts and other problems. Not only does that keep customers happy, but it also represents significant savings in Outcome Delivery Incentive (‘ODI’) penalties.

We launched the app last year and rolled out a training programme to get everyone comfortable using it. We plan to train our external contractors so that all operations are completed on the network.

This innovation benefits multiple business areas and has helped to support a further 10% reduction in water quality complaints this year. The data collected will also from part of our Situational Awareness Platform.

**Ofwat Innovation Fund**

Ofwat has reserved £200 million to promote collaborative innovation across the water sector and any developments that result from a successful bid must be made freely available to all water companies for the benefit of all customers. So far we are working with 97 partners across 31 sectors.

**Improve valve operations**

**Tap water forensics**

**Catalysing a net-zero future**

**A HERU for screenings**

**Improving valve operations**

**Ofwat Innovation Fund**

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ENCOURAGING AND ACCELERATING SMART SOLUTIONS: BUILDING AN INNOVATIVE BUSINESS CONTINUED

One of the biggest sources of greenhouse gas emissions ('GHGs') from the water industry is nitrous oxide – 300 times more potent than carbon dioxide. It’s produced by bacteria that plays a vital role in removing toxic ammonia from waste water. If ammonia isn’t removed, it damages aquatic life. Recently researchers have identified naturally occurring bacteria that can remove ammonia without producing nitrous oxide, but these do not ordinarily thrive in treatment plants. This project will develop innovative techniques for capturing these game-changing bacteria and putting them to work in our existing treatment processes.

Reducing our carbon footprint and achieving net zero emissions is hugely important to the water sector. This innovative approach, that retains the use of our existing treatment assets, whilst driving down emissions using innovative biology and technology, has the potential to deliver truly significant environmental and economic benefits for our customers.

PETE VALE, CARBON ARCHITECT

CATALYSING A NET-ZERO FUTURE

Reducing our carbon footprint and achieving net zero emissions is hugely important to the water sector. This innovative approach, that retains the use of our existing treatment assets, whilst driving down emissions using innovative biology and technology, has the potential to deliver truly significant environmental and economic benefits for our customers.

PETE VALE, CARBON ARCHITECT

The Home Energy Recovery Unit ('HERU') is a waste recovery system developed to manage domestic and commercial waste on site. About the size of a chest freezer, this solution uses heat pipe technology developed from satellites, to turn screenings into energy that can be recycled. It’s an innovative solution to a growing and challenging waste problem for the UK water industry.

We believe HERU will deliver a scalable site-based solution for energy and carbon recovery from screenings. HERU’s innovative use of heat pipe technology will help to deliver environmental and economic benefits for our customers.

RICHARD SMITH, WASTE WATER ARCHITECT

A HERU FOR SCREENINGS
Our project will develop the use of genetic sequencing in drinking water treatment. Unlike current tests, genetic sequencing can determine all the bacterial species present in water. This will significantly improve the speed and accuracy of water quality investigations. We hope customers in England and Wales will benefit from a £3 – 5 million a year reduction in bills, enabled by improved efficiency in water quality investigations; as well as a reduction in unplanned remedial work and disruption to supplies.

KEIRON MAHER, INNOVATION ARCHITECT

"This is an exciting opportunity to develop the science of genetic sequencing to help protect drinking water supplies. This will revolutionise our ability to monitor and investigate water quality failures in much the same way that DNA testing revolutionised criminal investigations."
Health and safety strategy
It’s a clear aim of ours for no one to get hurt or be made unwell by what they do at work. We would like to achieve an industry-leading Lost-time incident (LTI) rate of under 0.10. This is total incidents divided by total hours worked.

Our four-part strategy is understood and followed by the whole business:

1. We focus on the things that occur most frequently – our biggest causes of accidents are: driving; manual handling; and slips, trips and falls; while our biggest cause of absence is mental ill health.

2. We ensure people understand our safety-management systems, which provide resilience against harm.

3. We provide managers with real-time safety data as well as detailed monthly reports, so they can assess performance and make improvements.

4. We use data analytics to identify opportunities for improvement and target underperforming areas.

By focusing on the things that occur most frequently, we have achieved the following (data up to the end of February 2022 compared with data up to the end of March 2021):

- A 10% reduction in all accidents resulting in absence.
- A 17% reduction in all accidents causing musculoskeletal injuries that resulted in absence from work.
- A 33% reduction in slips, trips and falls that resulted in absence.
- Following a quarter’s focus, there was a 71% increase in the use of our Employee Assistance Programme, and the Occupational Health and Wellbeing team noticed a definite increase in requests for training on mental health.

High-risk activities
Following the tragic accident in December 2020 at a Wessex Water plant in Avonmouth, we conducted a thorough review of all our high-risk activities. We learned a great deal, and have since focused on making local improvements alongside broader opportunities to make continuous improvements in relation to some of our high-risk activities.

How we assured DSEAR compliance
- Agreed who is accountable for Dangerous Substances and Explosive Atmospheres Regulations ('DSEAR')
- Established a central DSEAR team to ensure compliance with regulations.
- Identified where some business-wide DSEAR training is needed.
- We asked third parties to assess various sites of Severn Trent’s for DSEAR regulations, providing assurance that our DSEAR hazard management standards, and the improvements we have made, are compliant and will keep our employees safe and well.

Health and safety training improvements
We continue to improve our process by identifying who needs training in high-risk standards, updating programmes regularly, and engaging third parties to assure compliance. We are also working with our Academy colleagues to determine critical Health, Safety, Security and Wellbeing ('HSSW') training for line managers to ensure they all understand their critical HSSW roles, responsibilities and mandatory training, plus additional training relevant to their individual roles.

Improving root-cause analysis ('RCA') of accidents
The quality of RCA outside of our more serious incidents is inconsistent across the business, and therefore we are looking at ways to improve this and identify the true root causes for lower-level incidents. In January 2022 we began a trial with a third party supplier, using software designed to help consistently identify incidents’ root causes.
OUR PEOPLE ARE OUR PRIORITY: SUPPORTING OUR EMPLOYEES CONTINUED

WORKING WITH THE ROYAL SOCIETY FOR THE PREVENTION OF ACCIDENTS (‘ROSPA’)

RoSPA’s approach uses the workplace as a conduit for broader improvements to individual safety and that of people’s families and the wider community. We have continued to work with them and our trade unions to support our ‘whole person’ approach to health and safety.

The four hazards that cause the most harm at work also cause the most harm at home, where there are more accidents than anywhere else.

The project we have undertaken with RoSPA focuses on safety outside of work, encouraging our employees to take key safety messages into their homes and communities, and we focused on falls. As well as accounting for over 32% of accidents causing absence at work (based on data up to end February 2022), falls are also the single biggest cause of accidental injuries in the home and the largest cause of accidental death among over-65s in the UK. Through this project, we help prevent falls from happening.

Providing wellbeing support

During the past year, we have continued to support our colleagues’ physical and mental wellbeing, which includes access to counselling services and physiotherapy through an external contract, and we published guides to support colleagues and raise awareness on key issues:

- Neurodiversity
- Living with cancer
- Fatigue
- Financial hardship and wellbeing
- Menopause
- Endometriosis
- Domestic abuse and stalking
- Trans

We relaunched On Tap, our online hub promoting the support available, to incorporate the additional services available to employees through our benefits package.

We have also promoted these by establishing a network of champions, to reach all colleagues through our campaigns, and encouraging their own local campaigns. We developed a ‘mascot’ for Wellbeing, to ensure our campaigns and training are easily identified, and designed a Health and Wellbeing presentation for internally trained apprentices, in line with Ofsted requirements.

Raising awareness

These campaigns include a Mental Health Quarter during the year, to raise awareness and remove the stigma associated with this. In addition, we ran a series of podcasts on mental health, discussing matters with colleagues with lived experience, and developed a ‘slate of mind’ concept which talks about the link between mental wellbeing and physical safety within the workplace. We also continued to train line managers and employees in mental-health awareness, and developed Build Your Boat, a presentation to acknowledge the impact of COVID-19 on mental wellbeing, recognising it’s different for everyone.

We also ran a Musculoskeletal Quarter, to remind employees of the controls we have in place for injury risks and the sources of support available. Following this, we have seen a sustained 40% average increase in employees accessing the physiotherapy services. A multi-functional team won a company award for our work on the Caring for our Colleagues wellbeing campaign during the pandemic, and we now run a condensed version of the programme.

We also ran a Transgender Awareness Week, to remind employees of the controls we have in place for injury risks and the sources of support available. Following this, we have seen a sustained 40% average increase in employees accessing the physiotherapy services. A multi-functional team won a company award for our work on the Caring for our Colleagues wellbeing campaign during the pandemic, and we now run a condensed version of the programme.

Our entry was based around a number of elements and focused on our work before and then throughout the pandemic. It included:

- Involving employees in designing our PR19 plan with initiatives such as Bike on a Boat
- Defining and embedding our new values, adding them into performance appraisals: Our Brilliant People (nominating colleagues going above and beyond) – themed by our values and awesome awards (annual employee award event)
- Launch of Peakon and our new approach to engagement whilst improving engagement during the pandemic
- Launch of our D&I advisory groups
- Our event programme including Share a Smile and the hugely creative Carsington leadership event during the pandemic
- Sustaining our company bonus during the pandemic and agreeing a 2.3% pay deal
- Personally contacting over 600 of our vulnerable colleagues to put in place personal care plans and partnering with domestic violence charities so employees could reach out confidentially if they needed support
- Our feminine hygiene programme during the pandemic
Climate change is undoubtedly the key challenge of our generation. As a water and waste company, we play a natural role in sustainability – we’re committed to collaborating with and supporting our supply chain to take positive action to mitigate climate change, while ensuring we are resilient to its impact so that we can keep the taps flowing for our customers.

### Commitment

**By 2026,** 70% of our suppliers, by emissions, will have set their own Science-Based Target.

### Performance

Currently 38% of our suppliers by emissions have either set, or are on track to set, a Science-Based Target by 2023, three years early.

### Commitment

All contracted suppliers to sign up to our Doing the Right Thing commitment and our Supply Chain Sustainability Charter.

### Performance

Since 2016 more than 1,100 of our current contracted suppliers have signed up to our Sustainable Supply Chain Charter.

### Commitment

Ensure our suppliers are paid on time, give clear guidance on payment terms, and encourage good practice throughout the supply chain.

### Performance

98% of supplier payments made within 60 days. As at 31 March 2022, the average time to pay for Severn Trent Water was 28 days.

Managing climate risk and building resilience in partnership with our suppliers

We have ambitious goals and we cannot reach them on our own. We must empower our suppliers to help us affect positive changes on the environment, our communities, and our people. Over the next five years, we will:

- increase awareness and build knowledge on climate change resilience with our suppliers;
- identify those suppliers most vulnerable to the impacts of climate change;
- ensure sustainability is embedded throughout the procurement and contract management life cycle;
- adopt measures that are tailored and proportionate to the size and industry of individual suppliers; and
- help suppliers do more than just set targets and support their efforts to deliver.

Supporting the development of Science-Based Targets

We do not expect our suppliers to know how to establish Science-Based Targets on their own. We will support their development with one-to-one supplier engagement, supplier collaboration events and dedicated training sessions through the Supply Chain Sustainability School.

We are committed to gaining a greater insight into our Scope 3 emissions in order to better understand our current position, so that we can use this insight to work with and support our suppliers in our combined journey to reduce GHG emissions.

We renewed our partnership with the Supply Chain Sustainability School for a second year – continuing our commitment to build vital sustainability knowledge and capability across our teams and supply chain partners.

In this reporting year, around 99% of our total spend was with UK-based suppliers.

Learn more
Carbon Working Group
This group was established in 2021, and comprises Category and Contract Managers responsible for our highest-impact supplier categories. The group has reviewed and tested opportunities to embed carbon considerations from sourcing right through to contract management. For example, we updated our standard supplier selection questions and contract clauses which mandated the use of EcoVadis, adoption of an SBT, and expectation to deliver against this target throughout the contract for all new suppliers.

EcoVadis – assessing impact performance
In 2022 we launched EcoVadis, a sustainability ratings platform which independently assesses organisations based on their environmental and social impact performance. Through this tool we have been able to obtain actual data, e.g. carbon emissions and whether a supplier has set an SBT, and for the first time understand strengths and tangible improvement opportunities across key environmental, labour and human rights, ethical and sustainable procurement issues.

We launched EcoVadis: 35 suppliers assessed and a further 52 undergoing their assessment. Over the next year we will focus on ensuring all high carbon impact suppliers are signed up to this platform and use these new insights to drive commercial decision making.

Supply Chain Sustainability Strategy
Our thinking on sustainable procurement is evolving, and we are using the principles of ISO 20400 to develop an ambitious Supply Chain Sustainability Strategy. In time, we will continue to embed sustainability throughout the procurement and contract management life cycle. Our contract and procurement managers are now trained in ethical sourcing and supplier management, and have sustainability included within their job descriptions and personal objectives.

We will also build up resilience in our supply chain. For example, over the next five years we are committed to understanding and addressing the climate change risk that sits within our supply chain, and importantly work with suppliers to raise awareness of this issue, influence their actions to build climate resilience and find joint solutions to adaptation challenges.

We will also insource critical activity where there is a strong business case to do so. For example, we have insourced design activity to ensure we have fuller consideration of sustainable design within our capital projects.

Eliminating modern slavery
The threat of modern slavery and poor worker welfare remains high. We remain committed to tackling this issue and reducing the risk of modern slavery occurrences in our own business and across our supply chain. Our continued partnership with industry experts, Slave-free Alliance, is instrumental to our approach.

Supplier Spotlight
Our Supplier Spotlight platform continues to be an important two-way channel for positive and constructive feedback on the work our supply chain undertakes. This year we made over 258 contacts through the Spotlight platform, demonstrating our commitment to open and transparent feedback with suppliers and working with them to continuously improve their service.

Recognition for our proactive approach
We are delighted to be on the CDP Supplier Engagement Leadership Board in recognition of our approach.
This year we have focused on embedding our four-stage Modern Slavery Supplier Assurance Programme, which reviews and assesses a supplier’s self-certification of the processes and protocols it implements to identify and mitigate the risks of modern slavery. All responses are reviewed, and deep dive reviews are conducted for suppliers as required.

To date, 33 of 900 suppliers were identified as high risk, and three organisations have been subject to an in-depth assessment with Slave-Free Alliance after the assessment process highlighted them as high risk. The suppliers were fully engaged and compliant with the process and, following a robust investigation involving key personnel, the Slave-Free Alliance concluded that there was no perceived risk of modern slavery occurrences within the organisations and no improvement plans requiring implementation.

Modern Slavery Awareness training and engagement for all colleagues remains a priority, and in 2021 we extended this focus to our supply chain. Through our industry collaboration group, Utilities Against Slavery, we partnered with the Supply Chain Sustainability School to deliver a series of lunch and learn sessions, targeting our shared supply chain, which focused on key aspects from awareness through to mitigation.

This year we investigated a modern slavery concern raised by a member of staff, who identified a perceived risk at our Coventry office. The Group’s escalation and remediation policy was implemented in response to the reported concern and experts, Slave-Free Alliance, were engaged to investigate the supplier in question. The outcome of the investigation identified no evidence of modern slavery activities within the supplier’s organisation but did highlight worker welfare concerns within a subcontracting organisation. For more information, please refer to our Modern Slavery Statement.

We recognise that we cannot be complacent in our approach to tackling this issue, and this year we underwent our second threat assessment. The assessment takes a considered view of the risks posed to our business, with a large and complex supply chain, and is then independently assessed by Slave-Free Alliance. The outputs will be used to form future improvement plans for the year ahead.
Our Investment in Sustainability

Trust is built on honesty and transparency. When we launched our Sustainability Framework in March 2020, we made a promise to invest £1.2 billion in sustainability and to report on it in a transparent and genuine way. Based on our most material issues, this included ambitions for improving the environment, climate change mitigation and resilience, reducing waste, taking care of nature, and taking care of our people, our customers and our communities.

We have made great progress, investing £566 million to 31 March 2022 across a variety of projects in addition to our Triple Carbon Pledge, we have become one of only two water companies in the UK to have verified and approved Science-Based Targets. We are on track to outperform our Science-Based target for Scope 1 and 2 reductions by 2031 and have 17% of our fleet as electric vehicles to date, as well as 85% renewable energy use across our sites. Having improved over 4,696 hectares of land since 2020, we’re also ahead of schedule to meet our biodiversity targets of at least 5,000 hectares of land by 2027.

To conserve water resources, we’ve invested heavily in reducing leakage, and we’ve already delivered a 3.5% reduction since 2020 against our goal of 15% by 2025 and by 50% by 2045. Within the year we’ve installed more than 110,000 meters to help better understand customer behaviours and drive down household water use.

We are also committed to helping our people and communities thrive. During the past year, over 17,000 learners have passed through the doors of our Academy at Hawksley Park. We currently support around 215,000 customers through financial schemes and this year our community fund has supported 73 organisations, to which we have donated c.£2 million.

Our Sustainability Governance Framework

Our governance processes are aligned with the Group’s Sustainability Framework – ensuring that the Board is effective in its oversight of the Group’s Sustainability Framework; consideration of climate-related risks and opportunities; and scrutiny of management’s assessment and management of climate-related risks and opportunities. The Board delegates certain sustainability oversight and climate-related risk oversight activity to its Board Committees to support the continued delivery of the Group’s Sustainability Framework. The Governance Framework is also subject to periodic review to ensure that it remains appropriate.

Full details are provided in our TCFD disclosure in our Annual Report and Accounts on pages 35 to 45.

Board-level oversight of climate-related risks and opportunities

Addressing the challenge of climate change is core to our strategy and essential to the Company’s ability to achieve long-term sustainable growth and is therefore at the centre of many Board considerations and decision making throughout the year. We’re delighted to announce the appointment of Tom Delay, who brings extensive strategy, sustainability, energy, and engineering experience to the Board, as successor to Angela Strank as Chair of our Corporate Sustainability Committee.

At each meeting, the Board receives one or two detailed deep dives into areas of strategic importance to evaluate progress, provide insight and, where necessary, decide on appropriate action.
RESTORING OUR RIVERS SUSTAINABLY: BEING A COMPANY YOU CAN TRUST

GOVERNANCE FRAMEWORK

SEVERN TRENT PLC BOARD
Oversight of Company strategy and ensuring the long-term success of Severn Trent

CORPORATE SUSTAINABILITY COMMITTEE
Provides guidance and direction to the Company’s Sustainability Strategy based on our Code of Conduct, Doing the Right Thing. The Committee also reviews the Group’s non-financial risks and opportunities.

SUSTAINABILITY STEERING COMMITTEE
Executive and senior management oversight of sustainability performance against sustainability framework

SUSTAINABILITY SUBJECT EXPERT GROUPS
Senior-level sponsors and subject matter experts set and measure performance

ENVIRONMENTAL
(e.g. Energy steering group)

SOCIAL
(e.g. Diversity and Inclusion steering group)

GOVERNANCE
(e.g. Modern slavery working group)
APPENDIX
APPENDIX:

ADDITIONAL INFORMATION

About this report
This report covers the most significant environmental, social and governance issues for the financial year 1 April 2021 to 31 March 2022. We have designed the contents to complement the information in our Annual Report and Accounts.

Our regulated water and waste water business includes the wholesale water and waste water activities of Severn Trent Water Limited and its retail services to domestic customers, and Hafren Dyfrdwy Cyfyngedig, the information in this report relates to Severn Trent Water, which makes up 98% of our total customer base (unless stated otherwise).

Our reporting is guided by our Materiality Assessment, which is informed by the GRI and SASB reporting frameworks and the UN Sustainable Development Goals. We take into account the GRI’s Reporting Principles of stakeholder inclusiveness, sustainability context, materiality and completeness, which are complemented by the subset of sustainability issues that are financially material to our sector, as identified by SASB’s materiality map. Using these standards together ensures a holistic picture of our corporate performance on sustainability. This approach is further supported by our examination of how our efforts contribute to the UN’s Sustainable Development Goals. We take into account the GRI and SASB reporting frameworks and the UN Sustainable Development Goals.

The independent and external indices and awards shown on this page help validate the credibility of our sustainability performance, and we recognise their importance to investment decisions. However, they do not show the whole story, and this report serves to add to the honest assessment of our performance and the work we know we still have to do.

CDP
CDP (formerly the Carbon Disclosure Project) is a not-for-profit organisation that runs the global disclosure system for investors, companies, cities, states and regions to manage their impact on the environment. CDP helps assess our plans for climate change and the action we are taking. We were rated A in both 2021 and 2022, and we are working hard to improve our future responses.

FTSE4GOOD
As a FTSE100 company, we are part of the FTSE4Good Index Series, designed to measure the performance of companies demonstrating strong environmental, social and governance practices.

SUSTAINALYTICS
Based in Amsterdam, Sustainalytics is a company that rates the sustainability of other organisations based on their environmental, social and corporate governance performance. In early 2022, Sustainalytics gave us a risk rating score of 15.1, which means we are assessed to be at low risk of experiencing material financial impacts from ESG factors. This rating places us second within the water utilities sub-industry.

MSCI
(formerly Morgan Stanley Capital International) is based in New York and provides a range of market and business analysis to investors around the world. MSCI scores companies based on their plans and behaviours in relation to issues including climate change, pollution and waste, human capital, social opportunities, and corporate governance and behaviour. In February 2022, MSCI rated us AA (Scale AAA to CCC).

BLOOMBERG GENDER-EQUALITY INDEX
In 2021, we were announced as one of the 380 companies across 44 counties and regions included in the 2021 Bloomberg Gender-Equality Index [GEI]. The Index tracks the performance of public companies committed to supporting gender equality through policy development, representation, and transparency.

TORTOISE RESPONSIBILITY100 INDEX
We were ranked first in the October 2021 refresh of the Tortoise Intelligence Responsibility Index. An index unique for ranking whether companies do what they say they will – providing a ‘walk’ as well as a ‘talk’ perspective on performance. The index ranks the FTSE100 companies on their commitment to key social, environmental and ethical objectives, inspired by the UN Sustainable Development Goals.

CARBON TRUST
We have held the Carbon Trust standard for over 10 years, recognising our best practice in measuring, managing and reducing our environmental impact. We receive valuable feedback from the Carbon Trust on how to improve on these topics.

TASK FORCE ON CLIMATE-RELATED DISCLOSURES
The Task Force on Climate-related Financial Disclosures (TCFD) recommendations are designed to achieve consistent, decision-useful, forward-looking information on the material financial impacts of climate-related risks and opportunities, including those related to the global transition to a lower-carbon economy.

UNITED NATIONS GLOBAL COMPACT
Through the delivery of our sustainability ambitions, Severn Trent is committed to upholding the UN Global Compact’s Ten Principles on human rights, the environment and anti-corruption. This report along with our GRI Content Index acts as our Communication on Progress.
Data quality and assurance
In ensuring data quality for this report, we followed the GRI’s Reporting Principles of balance, clarity, accuracy, reliability, timeliness and comparability.

Data assurance
Across our Sustainability Report, we have used our established risk based, three lines of assurance approach, with our most material sustainability metrics being independently assured.

As part of the ARA and APR process, Jacobs assure our sustainability-related Performance Commitments and Deloitte has assured our financial data. Other high-risk sustainability information has been assured by Internal Audit with the remaining lower risk areas undergoing two lines of assurance internally.

Full assurance statements can be found in the Severn Trent Plc Annual Report and Accounts 2021/22 and Severn Trent Water Annual Performance Report 2021/22.

Carbon reporting
Our approach to carbon reporting is based on the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard and we have included only emissions from the assets which we own and operate and which we can directly influence and reduce, known as the financial control boundary.

Cautionary statement regarding forward-looking statements
This document contains statements that are, or may be deemed to be, ‘forward-looking statements’ with respect to Severn Trent’s financial condition, results of operations and business and certain of Severn Trent’s plans and objectives with respect to these items.

Forward-looking statements are sometimes, but not always, identified by their use of a date in the future or such words as ‘anticipates’, ‘aims’, ‘due’, ‘could’, ‘may’, ‘will’, ‘would’, ‘should’, ‘expects’, ‘believes’, ‘intends’, ‘plans’, ‘projects’, ‘potential’, ‘reasonably possible’, ‘targets’, ‘goal’, ‘estimates’ or words with a similar meaning, and, in each case, their negative or other variations or comparable terminology. Any forward-looking statements in this document are based on Severn Trent’s current expectations and, by their very nature, forward-looking statements are inherently unpredictable, speculative and involve risk and uncertainty because they relate to events and depend on circumstances that may or may not occur in the future.

Forward-looking statements are not guarantees of future performance and no assurances can be given that the forward-looking statements in this document will be realised. This document speaks as at the date of publication. Save as required by applicable laws and regulations, Severn Trent does not intend to update any forward-looking statements and does not undertake any obligation to do so. Past performance of securities of Severn Trent Plc cannot be relied upon as a guide to the future performance of securities of Severn Trent Plc.

Nothing in this document should be regarded as a profits forecast.

This document is not an offer to sell, exchange or transfer any securities of Severn Trent Plc or any of its subsidiaries and is not soliciting an offer to purchase, exchange or transfer such securities in any jurisdiction. Securities may not be offered, sold or transferred in the United States absent registration or an applicable exemption from the registration requirements of the US Securities Act of 1933 (as amended).
GLOSSARY

**AMP7**: Asset Management Period for the five-year regulatory period starting 1 April 2020.

**BAME**: Black, Asian and Minority Ethnic.

**CSO**: Combined sewer overflow – an asset on our sewer network that acts as a relief point when combined sewers are overwhelmed with rainwater allowing discharge into rivers/watercourse.

**DWMP**: Drainage and Wastewater Management Plan – covers the investments we plan to make over the next five-year period, 2020-25, as well as setting out a long-term (25-year) strategy for how we are going to deliver a reliable and sustainable waste water service.

**GRI**: The GRI Sustainability Reporting Standards (GRI Standards) are the most widely adopted global standards for sustainability reporting.

**Living Wage**: The real Living Wage is an independent calculation of the cost of living, based on a basket of household goods and services.

**Natural capital**: The value created for people, directly or indirectly, by ecosystem services from the natural world.

**ODI**: Outcome Delivery Incentive – a framework made up of outcomes, measures, targets and incentives which provides companies with rewards for achieving stretching performance targets and compensates customers if performance is below performance commitments.

**Paris Agreement**: An agreement within the United Nations Framework Convention on Climate Change, with a long-term goal to keep the increase in global average temperature to well below 2°C above pre-industrial levels; and to pursue efforts to limit the increase to 1.5°C, recognising that this would substantially reduce the risks and impacts of climate change.

**Parker Review**: Independent review by Sir John Parker into the ethnic diversity of UK Boards.

**PCC**: Per capita consumption is the average amount of water used by each person that lives in a household property.

**PR14/24**: The price review is a financial review process led by Ofwat where wholesale controls for water and sewage companies are set every five years.

**REGO**: Energy which is backed by Renewable Energy Guarantees of Origin. The REGO scheme is a Government scheme, regulated by Ofgem, which provides transparency to consumers about the proportion of electricity that suppliers source from renewable generation.

**Scope 1 emissions**: All direct emissions from the activities of the business.

**Scope 2 emissions**: Indirect emissions from electricity purchased and used by the business.

**Scope 3 emissions**: All other indirect emissions from activities of the business, but occur from sources that we do not own or control.

**Social capital**: The value created through improved individual or societal wellbeing and prosperity.

**WRMP**: Water Resources Management Plan – sets out how we will manage supply and demand to mitigate the impact of climate change and meet our environmental obligations for the next 25 years.
Our business model means we have significant impacts on a variety of stakeholders. We identify stakeholders to engage with, based on the likelihood and consequence of our activities to have a positive or negative impact on them.

We engage with stakeholders to understand these impacts and their views on our company. This process is part of our corporate governance. We aim to report clearly on how we have taken the views of our stakeholders into account, the impact of our decisions on them and any actions we have taken as a consequence.

You can read more in our s.172 statement on pages 82 to 84 of our Annual Report and Accounts for more information on our overall stakeholder engagement.

Because of the nature of our business, sustainability is already a key topic of conversation with many stakeholder groups. For this year’s report, we have examined the results of our stakeholder engagement throughout the year as an important input into identifying and prioritising our material issues. We use our analysis to help determine what information we should include in our Sustainability Report.

In general, we engage with stakeholders continuously throughout the year. How and when we do this depends on different internal and external events. We may engage proactively or reactively in response to these events.

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<th>STAKEHOLDER</th>
<th>WHY WE ENGAGE</th>
<th>WHY WE ENGAGE</th>
<th>HOW THIS HAS INFLUENCED OUR BUSINESS AND SHAPED OUR SUSTAINABILITY APPROACH</th>
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<td>Customers</td>
<td>Our customers are at the centre of our business.</td>
<td>We contact customers directly through a quarterly customer survey and ongoing qualitative research with members of Tap Chat, our online community panel. In advance of our business-plan submissions, which occur every five years, we conduct extensive customer engagement. Our latest plan, called PR19, featured our largest and most in-depth programme of insight to date, engaging with over 32,000 customers. This engagement has informed our material issues.</td>
<td>Regular customer engagement has affected a range of our operations and communications, e.g. our COVID-19 and affordability communications. The sustainability issues our customers are most interested in include leakage, climate change, investment in our infrastructure and environmental improvements. Meeting our customers’ needs is critical. COVID-19 customer research shaped our promotion of affordability and vulnerable customer schemes, water-efficiency products and sewer-misuse communications.</td>
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<td>Investors</td>
<td>The importance of the natural environment to the success of our business cannot be understated. We see our investors as our partners in moving our sustainability agenda forward.</td>
<td>We have a regular programme of investor engagement, including calls, virtual meetings with Executive and Board, capital markets day and a newsletter, which all include sustainability topics. During the financial year ended 31 March 2022, we held around 120 investor meetings and met with over 130 existing and potential investors. These meetings were attended by 51 shareholders, representing around 66% of our register.</td>
<td>We have enhanced our reporting for ESG and sustainability-focused investors. We are reporting to the TCFD, SASB and CDP to provide investor-ready sustainability data and metrics. We have developed a Sustainable Finance Framework based on the following international standards:</td>
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<td>We work to ensure our shareholders, investors and investment analysts have a strong understanding of our strategy, performance, ambition and culture, to ensure continued access to capital for our business, and to ensure investors and shareholders understand the sustainability value proposition of our business.</td>
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<td>These meetings were attended by 51 shareholders, representing around 66% of our register.</td>
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We have developed a Sustainable Finance Framework based on the following international standards:

- The Green Bond Principles (‘GBP’), Social Bond Principles (‘SBP’) and Sustainability Bond Guidelines (‘SBG’) as published by the International Capital Market Association (‘ICMA’) in June 2018
- The Green Loan Principles (‘GLP’) and Sustainability Linked Loan Principles (‘SLLP’) as published by the Loan Market Association (‘LMA’) in March 2018 and March 2019
### STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT CONTINUED

#### Suppliers

Along with our employees, our suppliers support us in providing for our customers. We recognise suppliers are key to achieving our ambitious sustainability commitments and we outline our expectations in our Sustainable Supply Chain Charter. Strong supplier relationships ensure sustainable, high-quality delivery for the benefit of all stakeholders.

- **Why We Engage:** We discuss issues of importance with suppliers monthly. These discussions include sustainability-related issues and occur through our tender process and contract management.
- **Why We Engage:** We publish supply-chain newsletters throughout the year to inform our suppliers of topics of interest, while providing an opportunity to gather feedback on these topics.
- **How This Has Influenced Our Business and Shaped Our Sustainability Approach:** We have a customised approach to supporting suppliers based on their size, including supplier payment terms for SMEs.

#### Regulators, Government and NGOs

The policy framework for the water sector in England and Wales is set by the English and Welsh Governments, respectively. We seek to engage constructively with both Governments to achieve the best outcomes for customers and the environment.

- **Why We Engage:** Below the policy framework, our industry is regulated by Ofwat and others. We agree commitments with our regulators and continually report our performance to these.
- **Why We Engage:** We work constructively with our regulators to help ensure the right outcomes for customers and the environment. We engage with Ofwat, the Drinking Water Inspectorate, Defra, the Environment Agency, Natural England, Public Health England, Public Health Wales, Environmental Health, Natural Resources Wales, MPs, Local Resilience Forums and a range of environment and farming NGOs.
- **How This Has Influenced Our Business and Shaped Our Sustainability Approach:** We engage regularly through meetings, email, calls, and consultation responses with Government officials and elected representatives on water and environment-related issues.

#### Colleagues

Our experienced, diverse and dedicated workforce is key to achieving our ambitions and purpose. Our social purpose and commitment to sustainability helps attract, retain and inspire our employees.

- **Why We Engage:** Our quarterly company forum facilitates ongoing dialogue between management, employee representatives and unions. Topics include updates on health and safety, engagement survey outcomes, business performance and sustainability initiatives, e.g. net zero commitment and electric vehicle roll-out.
- **Why We Engage:** Our CEO continued our employee roadshow tour, we have hosted specific leadership events focused on net zero and most recently we delivered a series of all manager events focused on our river pledges.
- **How This Has Influenced Our Business and Shaped Our Sustainability Approach:** Our colleagues are responsible for producing business plans (e.g. WMRP19, Drought Management Plan) which shape our sustainability approach.

#### Communities

Our aim is to be a force for good in the communities we serve and, in doing so, create value for all our stakeholders.

- **Why We Engage:** We engage with local communities through our large capital schemes. This will include organising drop-in sessions for residents, attending parish council meetings and setting up project exhibitions to raise awareness of our schemes, and address people’s needs and concerns.
- **Why We Engage:** Our Community Fund enables local community groups to seek funding for projects that will enhance environmental and social capital.
- **How This Has Influenced Our Business and Shaped Our Sustainability Approach:** We engaged directly with communities to understand their needs, which led us to design our fund to improve community wellbeing. Specifically this means funding people, places and environment projects. You can read more in the section ‘Supporting the region: Our Community Fund’.

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**APPENDIX: STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT CONTINUED**

**STAKEHOLDER** | **WHY WE ENGAGE** | **WHY WE ENGAGE** | **HOW THIS HAS INFLUENCED OUR BUSINESS AND SHAPED OUR SUSTAINABILITY APPROACH**
--- | --- | --- | ---
**Suppliers** | Along with our employees, our suppliers support us in providing for our customers. We recognise suppliers are key to achieving our ambitious sustainability commitments and we outline our expectations in our Sustainable Supply Chain Charter. Strong supplier relationships ensure sustainable, high-quality delivery for the benefit of all stakeholders. | We discuss issues of importance with suppliers monthly. These discussions include sustainability-related issues and occur through our tender process and contract management. | We have a customised approach to supporting suppliers based on their size, including supplier payment terms for SMEs. |
**Regulators, Government and NGOs** | The policy framework for the water sector in England and Wales is set by the English and Welsh Governments, respectively. We seek to engage constructively with both Governments to achieve the best outcomes for customers and the environment. | We engage regularly through meetings, email, calls, and consultation responses with Government officials and elected representatives on water and environment-related issues. | Our engagement with regulators aims to find constructive solutions to mutual aims, and has shaped both parties’ approaches to PR19, including incentives and the treatment of costs, and other areas, such as our ambitious Green Recovery package of investment. |
**Colleagues** | Our experienced, diverse and dedicated workforce is key to achieving our ambitions and purpose. Our social purpose and commitment to sustainability helps attract, retain and inspire our employees. | | Our quarterly company forum facilitates ongoing dialogue between management, employee representatives and unions. Topics include updates on health and safety, engagement survey outcomes, business performance and sustainability initiatives, e.g. net zero commitment and electric vehicle roll-out. |
**Communities** | Our aim is to be a force for good in the communities we serve and, in doing so, create value for all our stakeholders. | | We engage with local communities through our large capital schemes. This will include organising drop-in sessions for residents, attending parish council meetings and setting up project exhibitions to raise awareness of our schemes, and address people’s needs and concerns. |
## TAKING CARE OF THE ENVIRONMENT

<table>
<thead>
<tr>
<th>THEME</th>
<th>SCOPE</th>
<th>UNIT</th>
<th>21/22 PERFORMANCE</th>
<th>21/22 TARGET</th>
<th>MET</th>
<th>2020-2025 COMMITMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ensuring a sustainable water cycle</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leakage (Three year average)</td>
<td>STW</td>
<td>Ml/d</td>
<td>Reduced leakage to 446 litres</td>
<td>448.4</td>
<td>✓</td>
<td>ODI target: 15% reduction Long-term ambition: 50% reduction by 2045</td>
</tr>
<tr>
<td>Per capita consumption (Three year average)</td>
<td>STW</td>
<td>litres/ head/day</td>
<td>132</td>
<td>125.4</td>
<td></td>
<td>ODI target: Reduce per capita water consumption by 3.5% to 122.7</td>
</tr>
<tr>
<td>Number of Water meters installed</td>
<td>STW</td>
<td>Nr</td>
<td>110,100 (water meters)</td>
<td>56,686</td>
<td>✓</td>
<td>ODI target: Install 326,999 meters by 2025</td>
</tr>
<tr>
<td>Climate Change Adaption</td>
<td>Plc</td>
<td>N/A</td>
<td>Fourth disclosure in line with the Task Force on Climate related Financial Disclosures on pages 35-44 of the 2022 Annual Report and Accounts</td>
<td>N/A</td>
<td></td>
<td>ODI target: Continue to build adaptation to the effects of climate change into our long-term planning</td>
</tr>
<tr>
<td>Treatment Work Compliance</td>
<td>STW</td>
<td>%</td>
<td>99.3</td>
<td>Deadband of 99</td>
<td></td>
<td>ODI target: 100% Treatment Works Compliance</td>
</tr>
<tr>
<td>Water Quality improvement against Water Framework Directive</td>
<td>STW</td>
<td>N/A</td>
<td>On track to deliver our 2025 performance commitment</td>
<td>N/A</td>
<td></td>
<td>ODI target: Improve 211 WFD points by 2025 Improve the quality of a further 2,100 km of river by 2025, meaning over half the rivers in our region will have improved by the end of AMP7</td>
</tr>
</tbody>
</table>

### Water Quality

<table>
<thead>
<tr>
<th>THEME</th>
<th>SCOPE</th>
<th>UNIT</th>
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<th>21/22 TARGET</th>
<th>MET</th>
<th>2020-2025 COMMITMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Drinking Water Complaints</td>
<td>STW</td>
<td>Nr</td>
<td>We received 8,123 complaints which is a 14% year on year improvement</td>
<td>9,700</td>
<td>✓</td>
<td>ODI target: 9,500 drinking water quality complaints</td>
</tr>
<tr>
<td>Compliance Risk Index</td>
<td>STW</td>
<td>Nr</td>
<td>Our Compliance Risk Index (CRI) performance in 2021 was adversely impacted by a coliform failure at Strensham in January 2021 (with a 1.1 CRI impact). Despite this, our underlying CRI performance has been industry leading for a company of our size and our end of year result at 2.43 is better than the industry average of 3.56</td>
<td>Deadband of 2</td>
<td>✓</td>
<td>ODI target: CRI score of 8</td>
</tr>
<tr>
<td>Catchment management</td>
<td>STW</td>
<td>N/A</td>
<td>At the end of year one, we are ahead of the ODI target with six catchments, and remain on track to meet the rest by 2025</td>
<td>N/A</td>
<td></td>
<td>ODI target: Implement catchment management in a further 16 catchments Long-term ambition: to improve the effectiveness of catchment management activities across 44 catchments, covering more than 432,000 hectares, by 2025</td>
</tr>
<tr>
<td>THEME</td>
<td>SCOPE</td>
<td>UNIT</td>
<td>21/22 PERFORMANCE</td>
<td>21/22 TARGET</td>
<td>TARGET MET</td>
<td>2020-2025 COMMITMENT</td>
</tr>
<tr>
<td>-------------------------------------------</td>
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</tr>
<tr>
<td>Enhancing our natural environment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Biodiversity</td>
<td>STW</td>
<td>Hectares</td>
<td>Improved biodiversity in over 4,496 hectares of land since 2020</td>
<td>190.5</td>
<td>✔️</td>
<td>ODI target: Improve 1090 ha of biodiversity by 2025</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Long-term ambition: Improve the biodiversity of 5,000 hectares, across our region by 2027</td>
</tr>
<tr>
<td>Pollutions</td>
<td>STW</td>
<td>Nr/10,000km waste network</td>
<td>21.81 Category 1-3 incidents which is 6% deterioration from 2020/21</td>
<td>23.74</td>
<td>✔️</td>
<td>ODI target: 29% reduction in pollution incidents by 2025 to 19.5 incidents per 10,000 km of waste network</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Long-term ambition: Reduce total number of pollution incidents by 50% by 2025</td>
</tr>
<tr>
<td>Making the most of our resources</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Biosolids</td>
<td>STW</td>
<td>%</td>
<td>In the 2021/22 calendar year we recycled over 145,000 tonnes of bio solids to agricultural landfill with 100% Satisfactory sludge use and disposal</td>
<td>100</td>
<td>✔️</td>
<td>ODI target: 100% Satisfactory sludge use and disposal</td>
</tr>
<tr>
<td>Waste diverted from landfill</td>
<td>STW</td>
<td>%</td>
<td>90%</td>
<td>N/A</td>
<td></td>
<td>Long-term ambition: We are actively working to set clear targets across all waste streams, with an ambition of zero waste to landfill</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mitigating climate change</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Annual Net Operational Emissions</td>
<td>Plc</td>
<td>tonnes CO₂e</td>
<td>315,698 (this is the annual net operational emissions)</td>
<td>N/A</td>
<td></td>
<td>Triple Carbon Pledge: Net zero operational emissions by 2030</td>
</tr>
<tr>
<td>Gross Location-Based Operational GHG emissions of Severn Trent per £m turnover</td>
<td>Plc</td>
<td>tonnes CO₂/£m turnover</td>
<td>282.5 (this is the gross location based operational GHG emissions per £m turnover)</td>
<td>N/A</td>
<td></td>
<td>Triple Carbon Pledge: 100% electric vehicles by 2030 (where specialist vehicles such as tankers become available within that time)</td>
</tr>
<tr>
<td>Electric vehicles</td>
<td>Plc</td>
<td>N/A</td>
<td>17% of our company cars are now electric and we have installed 352 charging points across 70 sites</td>
<td>N/A</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Energy Consumption</td>
<td>Plc</td>
<td>GWh</td>
<td>2,035</td>
<td>N/A</td>
<td></td>
<td>We continually invest in improving energy efficiency and we have a dedicated energy management team focused on driving operational change to reduce energy</td>
</tr>
<tr>
<td>Total Energy per unit of revenue</td>
<td>Plc</td>
<td>GWh/£m</td>
<td>1.05</td>
<td>N/A</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### TAKING CARE OF THE ENVIRONMENT

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</tr>
</thead>
<tbody>
<tr>
<td>Mitigating climate change</td>
<td>Renewable energy</td>
<td>Plc %</td>
<td>N/A</td>
<td>✔</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>We have procured 100% of our imported electricity from renewable backed sources. We continue to generate more renewable energy than any other UK water company and now generate an equivalent of 53% of Severn Trent Water Limited’s electricity needs.</td>
<td></td>
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<td></td>
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<td></td>
</tr>
<tr>
<td>Triple Carbon Pledge: 100% energy from renewables by 2030</td>
<td></td>
<td></td>
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</tr>
</tbody>
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### HELPING PEOPLE TO THRIVE

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<tr>
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<th>21/22 TARGET</th>
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</thead>
<tbody>
<tr>
<td>Delivering an affordable service for everyone</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Help to pay when you need it</td>
<td>STW %</td>
<td>48% (help to pay performance)</td>
<td>42% (help to pay target)</td>
<td>✔</td>
</tr>
<tr>
<td></td>
<td>Trust Fund</td>
<td>STW N/A</td>
<td>£3.5 million annually donated to the Severn Trent Trust Fund (Big Difference Scheme)</td>
<td>£3.5 million</td>
<td>✔</td>
</tr>
<tr>
<td></td>
<td>Priority Services Register</td>
<td>STW %</td>
<td>5.7% (PSR performance)</td>
<td>5.2% (PSR target)</td>
<td>✔</td>
</tr>
</tbody>
</table>

**ODI target:**
- By 2025 support 43% of customers who struggle to pay (195,000 customers annually)
- Long-term ambition: Eradicating water poverty, meaning that none of our customers will be faced with a water bill that is more than 5% of their disposable income by 2030
- ODI target: 9.7% of customers with additional needs on our Priority Services Register by 2025

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## HELPING PEOPLE TO THRIVE

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<th>TARGET MET</th>
<th>2020-2025 COMMITMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Delivering an affordable service for everyone</td>
<td>Value for Money</td>
<td>STW</td>
<td>%</td>
<td>63%</td>
<td>62.5%</td>
<td>✔️</td>
</tr>
<tr>
<td></td>
<td>Employee engagement</td>
<td>Plc</td>
<td>N/A</td>
<td>Employee engagement score of 8.2/10 in employee survey, placing us in top 10% of utilities globally.</td>
<td>N/A</td>
<td>Maintain high employee engagement across our workforce</td>
</tr>
<tr>
<td></td>
<td>Gender Diversity</td>
<td>Plc</td>
<td>N/A</td>
<td>All employees – 71.0% male and 29.0% female</td>
<td>N/A</td>
<td>Gender equality is a big part of our commitment to all aspects of diversity and inclusion. It is absolutely central to everything we do, and we know just how much it means to our own people while also being something we believe will help us attract the best diversity of talent</td>
</tr>
<tr>
<td></td>
<td>BAME Diversity</td>
<td>Plc</td>
<td>N/A</td>
<td>All employees – 10% ethnic minority</td>
<td>N/A</td>
<td>We are committed to creating an environment where everyone can bring their whole self to work. Continuing to embed our allies network in our working practices is vital to that.</td>
</tr>
<tr>
<td></td>
<td>Supporting colleagues with disabilities</td>
<td>Plc</td>
<td>N/A</td>
<td>Launched our Disability Advisory Group and signed up to the Hidden Disability Sunflower programme</td>
<td>N/A</td>
<td>Work towards Disability Confident Employer status</td>
</tr>
<tr>
<td></td>
<td>Social Mobility</td>
<td>Plc</td>
<td>N/A</td>
<td>Maintained a Top 10 position in the Social Mobility Index for the third year running</td>
<td>N/A</td>
<td>We believe we have a role to play in helping communities thrive and we are actively targeting our employment campaigns in areas classed as social mobility cold spots.</td>
</tr>
<tr>
<td></td>
<td>Health and safety</td>
<td>Plc</td>
<td>LTI rate per 100,000 hours</td>
<td>Severn Trent – 0.14 One Supply Chain contractors – 0.23 for our One Supply Chain</td>
<td>N/A</td>
<td>We have had zero employee or contractor fatalities</td>
</tr>
<tr>
<td></td>
<td>Employee training</td>
<td>Plc</td>
<td>Nr</td>
<td>27,836 training days</td>
<td>N/A</td>
<td>To have the most technically skilled workforce</td>
</tr>
<tr>
<td></td>
<td>Inspiring our customers to use water wisely</td>
<td>STW</td>
<td>Nr</td>
<td>80,656 commitments collected</td>
<td>31,050</td>
<td>ODI targets: 155, 250 behavior change commitments by 2025</td>
</tr>
<tr>
<td></td>
<td>Community Fund</td>
<td>STW</td>
<td>N/A</td>
<td>c.£2million donated to our communities</td>
<td>N/A</td>
<td>Donate 1% of profits via the Severn Trent Community Fund</td>
</tr>
</tbody>
</table>
This GRI Index provides more detail to internal and external stakeholders on Severn Trent PLC sustainability-related policies, programmes and performance. This index highlights the disclosures from our 2022 Annual Report and Accounts ('ARA') and Sustainability Report ('SR') that are in line with the Global Reporting Initiative ('GRI') Standards. During the preparation of the Sustainability Report, we took into account the GRI's Reporting Principles of stakeholder inclusiveness, sustainability context, materiality and completeness. Unless stated otherwise, the period covered is the fiscal year 1 April 2021 to 31 March 2022. Unless stated otherwise, the information in this report refers to Severn Trent Water, which makes up 98% of our total customer base. This GRI Index, alongside our Sustainability Report, serves as our 2022 Communication on Progress ('COP') to the United Nations Global Compact ('UNGC').

### SASB/GRI CONTENT INDEX

<table>
<thead>
<tr>
<th>SASB CODE</th>
<th>GRI CODE</th>
<th>DESCRIPTION</th>
<th>RESPONSE, LINK OR ADDITIONAL INFORMATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>IF-WU-000.A</td>
<td></td>
<td>Scale of the organization</td>
<td>Refer to sections &quot;Making a Difference Together&quot; (inside cover), &quot;Key Performance Indicators&quot; pages 20 to 31, and &quot;Business Services Performance Review&quot; pages 32 to 33 of the 2022 ARA</td>
</tr>
<tr>
<td>IF-WU-000.B</td>
<td></td>
<td>Total water delivered to:</td>
<td>Additionally: IF-WU-000.C Total water delivered to: (1) Total billed measured residential = 178,470.61 thousand m³ (2) &amp; (3) Total billed measured business = 118,892.65 thousand m³ Distribution input = 722,408 thousand m³ IF-WU-000.D Average volume of wastewater treated per day, by (1) Sewage treatment works = 3,077,778 m³/d</td>
</tr>
<tr>
<td>IF-WU-000.C</td>
<td></td>
<td>Total of full time and part time female employees: 2,099 Total of full time and part time male employees: 5,150 Total of temp (indirect female): 159 Total of temp (indirect male): 149</td>
<td>Refer to &quot;Working with our Suppliers&quot; section of the 2022 SR</td>
</tr>
<tr>
<td>IF-WU-000.D</td>
<td></td>
<td>Total of full time permanent and part time indirect female: 1,718 Total of full time permanent and part time indirect male: 517 Total of part time permanent and part time indirect female: 440 Total of part time permanent and part time indirect male: 123</td>
<td>Refer to &quot;Chief Financial Officer's Review&quot; pages 52 to 58 and &quot;Substantial Shareholdings&quot; page 151 of the 2022 ARA</td>
</tr>
<tr>
<td>IF-WU-000.E</td>
<td></td>
<td>Information on employees and other workers</td>
<td>Refer to sections &quot;Chief Financial Officer’s Review&quot; pages 52 to 58 and &quot;Substantial Shareholdings&quot; page 151 of the 2022 ARA</td>
</tr>
<tr>
<td>IF-WU-000.F</td>
<td></td>
<td>Significant changes to the organization and its supply chain</td>
<td>Refer to sections &quot;Chief Financial Officer’s Review&quot; pages 52 to 58 and &quot;Substantial Shareholdings&quot; page 151 of the 2022 ARA</td>
</tr>
<tr>
<td>IF-WU-000.G</td>
<td></td>
<td>Precautionary Principle or approach</td>
<td>Refer to section &quot;Strategic Report – Approach to Risk&quot; pages 59 to 60 of the 2022 ARA</td>
</tr>
<tr>
<td>IF-WU-000.H</td>
<td></td>
<td>External initiatives</td>
<td>Refer to sections &quot;Introduction from our CEO&quot;, &quot;Ensuring a sustainable water cycle&quot;, &quot;Building an innovative business&quot;, &quot;Mitigating climate change&quot;, &quot;Making water affordable for everyone&quot;, &quot;Creating a diverse and inclusive workplace&quot;, &quot;Supporting our employees&quot;, and &quot;Our Community Fund&quot; in the 2022 SR</td>
</tr>
<tr>
<td>IF-WU-000.I</td>
<td></td>
<td>Membership of associations</td>
<td>Refer to &quot;Market and Industry Overview&quot; section pages 8 to 10 of the 2022 ARA and sections &quot;Building an innovative business&quot;, and &quot;Working with our suppliers&quot; of the 2022 SR</td>
</tr>
<tr>
<td>IF-WU-000.J</td>
<td></td>
<td>Statement from senior decision-maker</td>
<td>Refer to sections &quot;Chair’s Statement&quot; pages 11 to 13, &quot;Chief Executive’s Review&quot; pages 14 to 16, and &quot;Corporate Sustainability Committee Report&quot; pages 124 to 127 of the 2022 ARA, and &quot;Introduction from our CEO&quot; in the 2022 SR</td>
</tr>
<tr>
<td>IF-WU-000.K</td>
<td></td>
<td>Key impacts, risks, and opportunities</td>
<td>Refer to sections &quot;Key performance indicators&quot; pages 20 to 31, &quot;Our TCFD Disclosures&quot; pages 35 to 45, &quot;Engagement with our stakeholders&quot; pages 72 to 81, and &quot;Our approach to risk&quot; pages 59 to 60 of the 2022 ARA and &quot;Full data set&quot; section of the 2022 SR</td>
</tr>
</tbody>
</table>
## APPENDIX: SASB/GRI CONTENT INDEX CONTINUED

<table>
<thead>
<tr>
<th>SASB CODE</th>
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<th>DESCRIPTION</th>
<th>RESPONSE, LINK OR ADDITIONAL INFORMATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>102-16</td>
<td></td>
<td>Values, principles, standards, and norms of behaviour</td>
<td>Refer to sections “Chief Executives Review” pages 14 to 16, “Our people” pages 85 to 88, and “Chair’s Introduction to Governance” pages 90 to 93 of the 2022 ARA, and “Supporting our employees” section of the 2022 SR</td>
</tr>
<tr>
<td>102-17</td>
<td></td>
<td>Mechanisms for advice and concerns about ethics</td>
<td>Refer to the “Corporate Sustainability Committee Report” section pages 124 to 127 of the 2022 ARA and the “Making decisions for the long term” section of the 2022 SR</td>
</tr>
</tbody>
</table>

### GOVERNANCE

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>102-18</td>
<td></td>
<td>Governance structure</td>
<td>Refer to the sections “Governance Report” pages 96 to 98 and “Corporate Sustainability Committee Report” pages 124 to 127 of the 2022 ARA and the “Making decisions for the long term” section of the 2022 SR</td>
</tr>
<tr>
<td>102-19</td>
<td></td>
<td>Delegating authority</td>
<td>Refer to sections “Governance Report” page 102 and 107 of the 2022 ARA and “Making decisions for the long term” section of the 2022 SR</td>
</tr>
<tr>
<td>102-20</td>
<td></td>
<td>Executive-level responsibility for economic, environmental, and social topics</td>
<td>Refer to the sections “Governance Report” pages 92, 98 and 99, and “Corporate Sustainability Committee Report” pages 124 to 127 of the 2022 ARA and “Making decisions for the long term” section of the 2022 SR</td>
</tr>
<tr>
<td>102-21</td>
<td></td>
<td>Consulting stakeholders on economic, environmental, and social topics</td>
<td>Refer to the “Engagement with our stakeholders” section pages 72 to 81 of the 2022 ARA, and the sections “Our most material issues” and “Stakeholder engagement and materiality assessment” of the 2022 SR</td>
</tr>
<tr>
<td>102-22</td>
<td></td>
<td>Composition of the highest governance body and its committees</td>
<td>Refer to the “Governance Report” section pages 96 to 98 and 103 of the 2022 ARA</td>
</tr>
<tr>
<td>102-23</td>
<td></td>
<td>Chair of the highest governance body</td>
<td>Refer to the “Governance Report” section pages 96 to 98 and 103 of the 2022 ARA</td>
</tr>
<tr>
<td>102-24</td>
<td></td>
<td>Nominating and selecting the highest governance body</td>
<td>Refer to the “Governance Report” section pages 104 to 108 and 110 to 114 of the 2022 ARA</td>
</tr>
</tbody>
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<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>102-25</td>
<td></td>
<td>Conflicts of interest</td>
<td>Refer to the “Governance Report” section pages 103 and 112 of the 2022 ARA</td>
</tr>
<tr>
<td>102-26</td>
<td></td>
<td>Role of highest governance body in setting purpose, values, and strategy</td>
<td>Refer to sections “Our approach to risk” pages 102 to 126 and “Governance Report” pages 59 to 60 of the 2022 ARA</td>
</tr>
<tr>
<td>102-27</td>
<td></td>
<td>Collective knowledge of highest governance body</td>
<td>Refer to the “Corporate Governance Statement” section pages 96 to 97 and 105 of the 2022 ARA</td>
</tr>
<tr>
<td>102-28</td>
<td></td>
<td>Evaluating the highest governance body’s performance</td>
<td>Refer to the “Corporate Governance Statement” section pages 105 to 108 of the 2022 ARA</td>
</tr>
<tr>
<td>102-29</td>
<td></td>
<td>Identifying and managing economic, environmental, and social impacts</td>
<td>Refer to sections “Engagement with Stakeholders” pages 72 to 81, “Our approach to risk” pages 59 to 60, and “Governance Report” pages 96 to 98 and 124 to 127 of the 2022 ARA and “Making decisions for the long term” section of the 2022 SR and “TCFD disclosures” pages 35 to 45 and “Governance Report” pages 100 to 101 and 124 to 127 of the 2022 ARA, and “Making decisions for the long term” and “Stakeholder engagement and materiality” sections of the 2022 SR</td>
</tr>
<tr>
<td>102-30</td>
<td></td>
<td>Effectiveness of risk management processes</td>
<td>Refer to sections “Our approach to risk” pages 59 to 60, “Emerging risks” page 67 and “Audit and Risk Committee Report” pages 110 to 121 of the 2022 ARA</td>
</tr>
<tr>
<td>102-31</td>
<td></td>
<td>Review of economic, environmental, and social topics</td>
<td>Refer to sections “Our approach to risk” pages 59 to 60, “Our TCFD disclosures” pages 35 to 45 and “Governance Report” pages 100 to 101 and 124 to 127 of the 2022 ARA, and “Making decisions for the long term” and “Stakeholder engagement and materiality” sections of the 2022 SR</td>
</tr>
<tr>
<td>102-32</td>
<td></td>
<td>Highest governance body’s role in sustainability reporting</td>
<td>Refer to sections “Our approach to risk” pages 59 to 60, “Our TCFD disclosures” pages 35 to 45 and “Governance Report” pages 100 to 101 and 124 to 127 of the 2022 ARA, and “Making decisions for the long term” and “Stakeholder engagement and materiality” sections of the 2022 SR</td>
</tr>
<tr>
<td>102-33</td>
<td></td>
<td>Communicating critical concerns</td>
<td>Refer to the “Governance Report” section pages 98 and 115 to 120 of the 2022 ARA</td>
</tr>
<tr>
<td>102-34</td>
<td></td>
<td>Nature and total number of critical concerns</td>
<td>Refer to sections “Our approach to risk” pages 59 to 60, “Our principal risks” pages 61 to 64, and “Emerging risks” page 67 of the 2022 ARA</td>
</tr>
<tr>
<td>102-35</td>
<td></td>
<td>Remuneration policies</td>
<td>Refer to the current remuneration policy here</td>
</tr>
<tr>
<td>102-36</td>
<td></td>
<td>Process for determining remuneration</td>
<td>Refer to the “Directors’ Remuneration Report” on pages 128 to 148 of the 2022 ARA</td>
</tr>
</tbody>
</table>

### CLIMATE

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### ECONOMICS

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### SOCIAL

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### ENVIRONMENT

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### OTHER

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### Governance

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### Risk

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### Remuneration

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### Sustainability

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### Other

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</tr>
<tr>
<td>102-37</td>
<td></td>
<td>Stakeholders' involvement in remuneration</td>
<td>Refer to the &quot;Directors' Remuneration Report&quot; on pages 128 to 148 of the 2022 ARA</td>
</tr>
<tr>
<td>102-38</td>
<td></td>
<td>Annual total compensation ratio</td>
<td>Refer to &quot;Company remuneration at Severn Trent&quot; section, pages 138 to 145 of the 2022 ARA</td>
</tr>
<tr>
<td>102-39</td>
<td></td>
<td>Percentage increase in annual total compensation ratio</td>
<td>Refer to &quot;Company remuneration at Severn Trent&quot; section, pages 138 to 145 of the 2022 ARA</td>
</tr>
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**STAKEHOLDER ENGAGEMENT**

<table>
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<tr>
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<tbody>
<tr>
<td>102-40</td>
<td></td>
<td>List of stakeholder groups</td>
<td>Refer to sections “Market and industry overview” pages 8 to 10 and “Engagement with our Stakeholders” pages 72 to 81 of the 2022 ARA and the “Stakeholder engagement and materiality assessment” section of the 2022 SR</td>
</tr>
<tr>
<td>102-41</td>
<td></td>
<td>Collective bargaining agreements</td>
<td>We have a strong partnership across three trade union groups, Unison, GMB and Unite, and we come together to discuss the areas that are most important and impactful for the majority of the workforce. An important function of the Company and Business Forum covers collective bargaining between the Company and its recognised Trade Unions. Any agreements which require substantive changes in pay and other conditions of employment are referred to the Company Forum for approval. This function covers all employees excluding middle and senior managers and all employees of Severn Trent Services, which is approximately 91% of employees in total.</td>
</tr>
</tbody>
</table>

**REPORTING PRACTICES AND TRANSPARENCY**

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<tr>
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<tbody>
<tr>
<td>102-45</td>
<td></td>
<td>Entities included in the consolidated financial statements</td>
<td>Refer to the “Notes to the Group financial statements” section pages 167 to 182 and 225 to 228 of the 2022 ARA</td>
</tr>
</tbody>
</table>

**MANAGEMENT APPROACH**

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>103-1</td>
<td></td>
<td>Explanation of the material topic and its Boundary</td>
<td>We explain each material issue in the “Our most material issues” section of the 2022 SR. These are: Carbon and climate change Water resources for the future Enhancing nature Affordability and accessibility River Quality</td>
</tr>
<tr>
<td>103-2</td>
<td></td>
<td>The management approach and its components</td>
<td>Refer to the following sections of the 2022 SR: &quot;Mitigating climate change”, “Ensuring a sustainable water cycle”, “Future- proofing our skills and knowledge”, “Enhancing our natural environment”, “Standing by our vulnerable customers” and “Making decisions for the long term&quot;</td>
</tr>
<tr>
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<td>------------------------------------------</td>
</tr>
<tr>
<td>103-3</td>
<td>201-2</td>
<td>Direct economic value generated and distributed</td>
<td>Refer to the &quot;Chief Financial Officer’s Review&quot; section of the 2022 ARA pages 52 to 58. Also, £3.5 million annual donation to the Severn Trent Trust Fund – an independent charity that administers grants to support those in financial difficulty. In its second year our core Community Fund awarded over £2 million to 73 community projects, benefiting over 1.15 million people, improving more than 73,106 square metres of our region’s environment, and creating or enhancing over 69 community spaces.</td>
</tr>
<tr>
<td>201-2</td>
<td>202-2</td>
<td>Financial implications and other risks and opportunities due to climate change</td>
<td>a. Refer to sections “Our approach to risk” pages 59 to 60 and “Our TCFD Disclosures” pages 35 to 45 of the 2022 ARA</td>
</tr>
<tr>
<td>201-3</td>
<td>202-3</td>
<td>Defined benefit plan obligations and other retirement plans</td>
<td>a. A separate fund exists to pay the pension plans liabilities and is managed by a trust structure which is separate to the Company. The scheme’s funding level is 82%. This has been calculated by the Scheme Actuary and agreed with the Company and its advisors. The latest triennial valuation as at 31 March 2019. The next valuation will be as at 31 March 2022 and results will be known towards the end of the year. b. A scheme recovery plan has been agreed between the trustees and the Company. This plan is expected to achieve full funding by 31 March 2022 through a combination of additional cash contributions and investment performance. Additional cash contributions are expected to cease by 31 March 2027. c. Contributions to the current defined contribution plan are based on a 2:1 structure i.e. the Company pays twice the employee e.g. employee pays 3%, Company pays 6%. Employer contributions are capped at 15% (where the employee pays 7.5%). d. 99% of employees have participated in the retirement plans. This is due to auto-enrolment legislation. The 1% of employees not in the scheme have opted-out of participation due to a variety of reasons including some employees having reached the maximum allowed under current tax legislation.</td>
</tr>
</tbody>
</table>

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</thead>
<tbody>
<tr>
<td>IF-WU-240a.1</td>
<td>203-1</td>
<td>IF-WU-240a.1. Average retail water rate for (1) residential, (2) commercial, and (3) industrial customers</td>
<td>For information relating to our average retail water rate refer to our (1) household scheme of charges, available here (2) and (3) non-household scheme of charges, available here</td>
</tr>
<tr>
<td>IF-WU-240a.3</td>
<td>203-2</td>
<td>Number of residential customer water disconnections for non-payment of bills</td>
<td>We do not disconnect household customer’s for non-payment of bills</td>
</tr>
<tr>
<td>IF-WU-240a.4</td>
<td>204-1</td>
<td>Discussion of impact of external factors on customer affordability of water, including the economic conditions of the service territory</td>
<td>Refer to ‘Making water affordable to everyone’ and ‘Employability and affordability’ sections of the 2022 SR</td>
</tr>
</tbody>
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</thead>
<tbody>
<tr>
<td>202-1</td>
<td>203-3</td>
<td>Ratios of standard entry level wage by gender compared to local minimum wage</td>
<td>a, c, d. No employees are paid at or near the National Minimum Wage with every employee being paid at least the current real Living Wage. Our pay framework does not vary based on location of operations. All other workers across our c.2,800 suppliers receive at least the National Minimum Wage and they will move to adopt the real Living Wage. This is enforced through contractual mechanisms and through expectations set out in our charter, tender process and contractor engagement.</td>
</tr>
<tr>
<td>202-2</td>
<td>204-2</td>
<td>Proportion of senior management hired from the local community</td>
<td>Between 1 April 2021 and 31 March 2022, 67% of senior management hires came from local communities. Senior management is categorised as level three and above. Severn Trent categorises employment across levels 1, 2, 3, 4 and 5, where 1 = frontline and 5 = director. We define local as from areas that our group directly serves.</td>
</tr>
<tr>
<td>203-1</td>
<td>205-1</td>
<td>Infrastructure investments and services supported</td>
<td>a. Refer to “Independent Auditor’s report” section pages 154 to 161 of the 2022 ARA</td>
</tr>
<tr>
<td>203-2</td>
<td>206-1</td>
<td>Significant indirect economic impacts</td>
<td>Refer to the “Supporting the region and making a positive difference”, “future-proofing our skills and knowledge” sections of the 2022 SR</td>
</tr>
</tbody>
</table>
## APPENDIX: SASB/GRI CONTENT INDEX CONTINUED

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<thead>
<tr>
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<tbody>
<tr>
<td>204-1</td>
<td></td>
<td>Proportion of spending on local suppliers</td>
<td>We provide services to businesses and households in the Midlands, UK and are committed to making a positive impact upon the environment and society within our region. This includes local businesses within our supply chain.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>a. In this reporting year, around 99% of our total £1.2bn spend was with UK-based suppliers.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>b. We don't currently report on this by region.</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>c. Our supply agreements are awarded in compliance with the Utilities Contract Regulations (UCR). In line with these principles, location cannot form part of the criteria for successful award of contract.</td>
<td></td>
</tr>
<tr>
<td>205-1</td>
<td></td>
<td>Operations assessed for risks related to corruption</td>
<td>100% of the operating companies within Severn Trent Plc have been risk assessed.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>a. We have not identified any significant risks in the last financial year. We consider risks across the Severn Trent Group on an annual basis through our enterprise risk management system and have mitigating actions in place against these.</td>
<td></td>
</tr>
<tr>
<td>205-2</td>
<td></td>
<td>Communication and training about anti-corruption policies and procedures</td>
<td>Refer to the &quot;Non-financial information statement&quot; page 89, &quot;Corporate Sustainability Committee Report&quot; pages 124 to 127 sections of the 2022 ARA.</td>
</tr>
<tr>
<td>205-3</td>
<td></td>
<td>Confirmed incidents of anti-corruption and actions taken</td>
<td>a. There were eight confirmed breaches of our Anti-Bribery and Anti-Corruption policy, breaches related to isolated examples of dishonest behaviour.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>b. Employee’s were dismissed in six of these cases.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>c. Zero incidents of business contracts being terminated or not renewed due to violations relating to corruption.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>d. There were zero legal cases brought against the company in the last year reporting year.</td>
<td></td>
</tr>
<tr>
<td>206-1</td>
<td></td>
<td>Legal actions for anti-competitive behavior, anti-trust, and monopoly practices</td>
<td>a. We have not had any competition investigations during the reporting year. We manage the risk on a regular basis all year round as part of our ERM programme and ensure that controls are reviewed and kept updated.</td>
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### TAX

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<tbody>
<tr>
<td>207-1</td>
<td></td>
<td>Approach to tax</td>
<td>Refer to the &quot;Chief Financial Officer’s Review&quot; section of the 2022 ARA, pages 52 to 58, our &quot;Tax Strategy&quot; and &quot;Explaining our Tax Contribution 2021/22&quot; reports, available here.</td>
</tr>
<tr>
<td>207-2</td>
<td></td>
<td>Tax governance, control, and risk management</td>
<td>Refer to the &quot;Chief Financial Officer’s Review&quot; section of the 2022 ARA, pages 52 to 58, our &quot;Tax Strategy&quot; and &quot;Explaining our Tax Contribution 2021/22&quot; reports, available here.</td>
</tr>
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### ENERGY

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<tr>
<td>207-3</td>
<td></td>
<td>Stakeholder engagement and management of concerns related to tax</td>
<td>Refer to the &quot;Chief Financial Officer’s Review&quot; section of the 2022 ARA, pages 52 to 58, our &quot;Tax Strategy&quot; and &quot;Explaining our Tax Contribution 2022/22&quot; reports, available here.</td>
</tr>
<tr>
<td>207-4</td>
<td></td>
<td>Country-by-country reporting</td>
<td>All of the Group’s revenues and profits are generated in the UK and are subject to UK tax.</td>
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### WATER

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<tr>
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<tbody>
<tr>
<td>IF-WU-130a.1</td>
<td>302-1</td>
<td>Energy consumption within the organization</td>
<td>Refer to the section &quot;Our Net Zero Transition Plan&quot; pages 44 to 51 of the 2022 ARA.</td>
</tr>
<tr>
<td>IF-WU-140a.1</td>
<td>302-2</td>
<td>Energy consumption outside of the organization</td>
<td>Refer to the section &quot;Our Net Zero Transition Plan&quot; pages 44 to 51 of the 2022 ARA.</td>
</tr>
<tr>
<td>IF-WU-140a.2</td>
<td>302-3</td>
<td>Energy intensity</td>
<td>Refer to the section &quot;Our Net Zero Transition Plan&quot; pages 44 to 51 of the 2022 ARA.</td>
</tr>
<tr>
<td>IF-WU-140a.3</td>
<td>302-4</td>
<td>Reduction of energy consumption</td>
<td>Refer to the section &quot;Our Net Zero Transition Plan&quot; pages 44 to 51 of the 2022 ARA.</td>
</tr>
<tr>
<td>IF-WU-440.a.1</td>
<td>303-1</td>
<td>Water main replacement rate</td>
<td>Refer to &quot;Ensuring a sustainable water cycle&quot; section of the 2022 SR.</td>
</tr>
<tr>
<td>IF-WU-140a.2</td>
<td>303-2</td>
<td>Water as a shared resource, including discharge-related impacts</td>
<td>Leakage is one of our most important measures and we have seen our lowest ever levels of District Metered Area (DMA) leakage. We report leakage as the volume of water we lose from the network each day as a three-year average. This year has seen us reduce leakage by 2% on our 2020/21 performance, keeping us on track to achieving a 15% reduction from our 2019/20 baseline over the next five years. Excluding leakage and metering, we delivered demand-side (water efficiency) benefits of 1,087,700 m³.</td>
</tr>
<tr>
<td>IF-WU-440.a.3</td>
<td>303-3</td>
<td>Distribution network efficiency, End-use efficiency, and Water supply resilience</td>
<td>Refer to &quot;Ensuring a sustainable water cycle&quot; section of the 2022 SR.</td>
</tr>
<tr>
<td>IF-WU-140b.2</td>
<td>303-4</td>
<td>Management of discharge-related impacts</td>
<td>For further discussion regarding effluents of emerging concern, refer to section 1.4 of the &quot;Creating bathing rivers&quot; Green Recovery business case, available here.</td>
</tr>
</tbody>
</table>
### IF-WU-000.B

303-3  Water withdrawal

Distribution input = 722,408 m³/year
- Total water sourced by source type:
  - Impounding reservoir: 10%
  - Pumped storage reservoir: 14%
  - River abstractions: 49%
  - Groundwater works: 27%
- No water was sourced from high or extremely high baseline water stress regions as defined by the World Resources Institute’s (WRI) Water Risk Atlas tool Aqueduct available [here](#).

### IF-WU-440a.1

303-4  Water discharge, including effluent quality management

Refer to table 7B and 7D of the 2022 APR
Refer to the “Full Data Set” section of the 2022 SR

### IF-WU-140b.1

303-4  Volume of recycled water delivered to customers

0% of our distribution input derived from water reuse schemes.

### 304-1

Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas

- Severn Trent has a variety of asset types that could impact on protected areas, for example waste water and water treatment works, visitor sites, underground assets, water abstraction points. Across our region, we own around 497 hectares of Sites of Special Scientific Interest in the Severn Trent region and around 5952 hectares in the Hafren Dyfrdwy region, 4480.55 hectares of which are leased to RSPB.

### 304-2

Significant impacts of activities, products, and services on biodiversity

a, b. Ecology reports are completed for all construction activities. Impact of reactive work is not monitored, unless protected habitat or species is known to be present, then the relevant surveys are undertaken. We endeavour to right and enhance any impact we have on the environment through our work. Across AMP7, we have WINEP commitment in place to monitor pathways of INNS across our network and investigate options on how to manage or mitigate their impact.

### 304-3

Habitats protected or restored

Severn Trent’s Great Big Nature Boost is our commitment to create or enhance 5,000ha by 2027 for biodiversity. To help us reach this target we are forming partnerships with third parties to enable large scale habitat improvement projects. Partners include RSPB, Warwickshire Wildlife Trust, Nottinghamshire Wildlife Trust, National Trust.

As part of our ambition to demonstrate environmental leadership we want to make sure we get the basics right too. We have updated our Environment Strategy and are currently writing biodiversity, national pollinator, and tree strategies.

### EMISSIONS

305-1  Direct (Scope 1) GHG emissions

Refer to “Carbon and energy performance” pages 65 to 67 of the 2022 ARA

305-2  Energy indirect (Scope 2) GHG emissions

Refer to “Our Net Zero Transition plan” page 49 of the 2022 ARA

305-3  Other indirect (Scope 3) GHG emissions

Refer to “Our Net Zero Transition plan” page 49 of the 2022 ARA

305-4  GHG emissions intensity

Refer to “Our Net Zero Transition plan” page 49 of the 2022 ARA

305-5  Reduction of GHG emissions

Refer to “Our Net Zero Transition plan” pages 44 to 51 of the 2022 ARA

### NETWORK RESILIENCY AND IMPACTS OF CLIMATE CHANGE

305-1  Network Resiliency and Impacts of Climate Change

Information on number, and duration of sanitary sewer overflows can be found at [here](#) under the title “Event Duration Monitor (EDM) Data 2020”

### WASTE

306-1  Description of waste generated by the business

Refer to “Making the most of our resources” section of the 2022 SR
### Waste by type and disposal method

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<tr>
<td>306-2</td>
<td></td>
<td>Waste by type and disposal method</td>
<td>This year we diverted 90% of our audited waste from landfill.</td>
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1) **Excavated Highway Waste** (excluding waste infrastructure)
   - i. Water Infrastructure - 119,630.3 tonnes (developer services added 14,250 tonnes).

2) **FM and Operational Waste**
   - i. Property/Production/ Capital Delivery and Commercial/Visitor Experience Team - 5,510.1 tonnes - 88.52% diversion from landfill
   - ii. Sanitary Waste - 13.27 tonnes - 0% diversion from landfill
   - iii. Used Chemical Containers - not reported
   - iv. Packaging (bottled water) - not reported (reduction has occurred via NRT focus on tankering and cross network connections.

3) **Grit and Screenings**
   - i. Non-Infrastructure Waste - 20,444.23 tonnes - 29.30% diversion from landfill
   - ii. Digester Cleaning - 279 tonnes - 0% diversion from landfill
   - iii. Wet Well Cleanse - not reported *no reliable data.

4) **Bio Solids (water and waste)** - 145,859.8 tonnes - 99.99% diversion from landfill

5) **Fleet Consumables (tyres)** - 216.6 tonnes - 99.99% diversion from landfill

6) **Pallets (wood)** - not reported one off. exclude

7) **Vehicle disposal (end of use vehicles)** - 83.1 tonnes - 95.30% diversion from landfill *estimated base on previous year*

### Environmental Compliance

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<tr>
<td>307-1</td>
<td></td>
<td>Non-compliance with environmental laws and regulations</td>
<td>During the reporting year we received a fine of £1.5 million in relation to sewage discharges as two sites in Blackminster and Priest Bridge works in July 2018.</td>
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### Supplier Environmental Assessment

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| 308-1     |          | New suppliers that were screened using environmental criteria | All suppliers are assessed against environmental criteria at tender. This criteria is tailored for each contract depending upon the service provided or goods procured and its associated environmental impact. Suppliers may be assessed on, but not limited to environmental policy and management, environmental certification, pollution incidents, carbon consumption and waste. This assessment informs our purchasing decisions, ensuring that the most capable supplier is selected. In 2021-2022 we completed a review of all Pre-qualification supplier selection questions to ensure assessment criteria remains effective, proportionate and reflects our latest commitments outlined in our Sustainability Report. Over the next year, we will explore opportunities to use insights gained from our new sustainability assessment platform, EcoVadis, to drive decisions at tender and throughout contract management.

308-2 Negative environmental impacts in the supply chain and actions taken | We expect all our suppliers and their subcontractors to commit to and deliver against the principles set out in our Sustainable Supply Chain Charter. Compliance with this charter is stipulated in our standard contractual terms and conditions. In 2021/22 we updated this to ensure it covered a broader range of environmental issues and impacts. Available [here](#). Minimisation of negative environmental impact is also stipulated within the contract specification and supplier standard terms and conditions. We take a tailored and proportionate approach to the assessment and management of environmental impact throughout contract management. A dedicated Contract Management team ensures specific KPI's are set in relation to the activity undertaken or product sourced and its associated environmental impact. Supplier performance is monitored and non-compliance addressed to ensure corrective action plans are in place and improvements made. Significant negative environmental impacts are dealt with on a contract by contract basis and reported directly to the relevant senior lead to ensure resolution and mitigation against potential future incidents. Root cause analysis is a key part of this. We do not report this information centrally. A dedicated team is responsible for the continuous development and delivery of our Supply Chain Sustainability Strategy which seeks to minimise negative environmental impact, and identify opportunities for improvement. |
In 2021, we launched EcoVadis, a sustainability assessment platform which independently assesses and rates individual suppliers on their environmental performance. The output of each assessment allows the Contract Management team to identify tangible opportunities to improve environmental performance, and will allow us to obtain actual supplier data e.g., carbon footprint data. At March 2022, 35 of our high-impact suppliers have registered on the system. With a further 52 in progress.

We recognise that our Capital suppliers present the highest impact on the environment, and in 2021 additional measures were mandated for suppliers responsible for the design and delivery of our capital projects. Biodiversity net gain clauses have now been written into works orders for capital projects; stipulating that all projects that proceeded with a preliminary ecological appraisal (PEA) achieve at least 15% biodiversity net gain. This requirement, along with additional mandatory biodiversity requirements and specifications are outlined in our Design Manual including the development of a Biodiversity Enhancement Plan, produced by a suitably qualified and competent ecologist. Compliance is conducted through our updated Design Assurance Review Process, with completed checks and evidence required prior to progression to the next stage, and finally approval.

As part of our Science-based Target commitment, see our Climate change and its impact section within this report, contract clauses which require suppliers to report on their carbon footprint and set a science-based target to reduce their emissions has now been included as standard. Our dedicated channel, Supplier Spotlight, allows for internal teams to provide supplier feedback, including on environmental issues. For this reporting period, 2 reports of internal supplier feedback were received in relation to environmental impact – 0 of which was positive. Of these 2, one report has been resolved with plans in place to prevent future occurrences, and one remains under investigation. We would not terminate a contract as a result of negative environmental performance alone. Instead we are committed to working collaboratively with a supplier to help develop and improve their approach.

Through our partnership with the Supply Chain Sustainability School, Supplier Summits, Supplier onboarding events, 1:1 engagement, training events and dedicated supplier communications we continue to raise awareness of potential negative environmental impacts and work collaboratively to mitigate this risk and identify opportunities to enhance the environment.

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### Appendix: SASB/GRI Content Index Continued

#### Employment

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| 401-1     |          | New employee hires and employee turnover | Rate of employee hire across the Group is 13.27%  
Rate of employee turnover across the Group is 10.14% |
| 401-2     |          | Benefits provided to full-time employees that are not provided to temporary or part-time employees | All employees, permanent and fixed term contract (whether full-time or part-time) are entitled to annual leave, life-cover, pension scheme membership, flexible benefits, recognition scheme, standard allowances, sick-leave, parental and maternity leave and Sharesave.  
Whilst fixed term contractors are not specifically excluded from career breaks there is an eligibility criteria that employees must have 5 years’ service so this will preclude most / all FTC employees. |
| 401-3     |          | Parental leave | 5150 male and 2099 female colleagues are covered by our family policies.  
Within the reporting period in 2021/22, 136 males and 148 females had time off for the following reasons: maternity, paternity, adoption and shared parental leave. 212 employees returned from these leave types in 2020/21.  
Of those taking leave in 2019/20, 90% of females are employed 12 months later, and 93% of males. |

#### Health and Safety

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| 402-1     |          | Minimum notice periods regarding operational changes | We abide by the legal requirements and in most cases exceed them dependant on the level of change. (Legal requirement is at least 30 days for a change which impacts 20 – 99 employees and 45 days for impact to 100 or more employees).  
Our Partnership agreement outlines the ‘processes for consultation and sharing information’ but does not specify timescales for notice periods. |
| 403-1     |          | Occupational health and safety management system | Refer to the ‘Supporting our employees’ section of the 2022 SR. Additionally,  
We are not accredited, however our management system is based on a best practise framework and legislation allowing us to identify and assess risk. |
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<td>403-2</td>
<td></td>
<td>Hazard identification, risk assessment, and incident investigation</td>
<td>Refer to the “Supporting our employees” section of the 2022 SR. Additionally: We encourage a culture where all employees seek to acknowledge, report and remediate all hazards and unsafe behaviours that could potentially bring harm to ourselves or our colleagues. We also encourage a culture where all employees positively embrace and share safe behaviours. As set out in the employee roles and responsibilities guidance, all employees have a specific responsibility for: 1) Challenging unsafe acts and conditions and engaging with those involved to agree the necessary improvements required and 2) Taking ownership of identified hazards and taking immediate corrective action where it is safe to do so. To enable us to track, monitor and identify areas for improvements we report hazards, safe and unsafe behaviours using the Company reporting system, SafetyNet. Data is analysed routinely by the HSW Performance and Reporting team and as part of the performance measurement and monitoring process. Any identified changes are made within the relevant standards and risk assessments; and are communicated accordingly. We report all HSW incidents openly, honestly, timely, accurately and consistently. We promote a strictly no blame culture; the purpose of reporting incidents is to identify root causes, learn lessons and avoid recurrences. All incidents are recorded on the HSW reporting system, SafetyNet which is simple to use and easy to access on all desktop and mobile internet devices. Detailed guidance and training are available on our Company Intranet to ensure all those required to use SafetyNet are competent to do so. In addition we have nominated SafetyNet champions across the business, who are available to support and help managers and individuals in the use of the system. The HSW Performance and Reporting team are accountable for analysing HSW data, identifying trends and areas for continuous improvement, then providing insight to the business. We take an eight step approach to investigations: Step 1 – create a Safety Alert to communicate immediate essential information to the business, Step 2 – gather evidence, Step 3 – create a timeline of events, Step 4 – undertake Root Cause Analysis, we use the five Why’s approach to establish the root causes. We are clear that there may be several root causes to an incident and more than one remedial action to address each root cause, Step 5 – assign and carry out actions, Step 6 – update the company reporting system incident record, Step 7 – communicate and finally Step 8 – investigation review and sign off.</td>
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<td>403-3</td>
<td></td>
<td>Occupational health services</td>
<td>Refer to the “Supporting our employees” section of the 2022 SR. Additionally: If individuals are exposed to hazards such as: noise, display screen equipment, hazardous substances, or working at night – dependent on their role – their manager will be prompted to book the individual onto our health surveillance programme. The health surveillance team can be contacted by calling or emailing our external provider. The health surveillance programme is designed to measure the effect of the working environment and the effectiveness of any controls put in place. It protects employees, it protects the company, and it's also a legal requirement. Available here.</td>
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<td>403-4</td>
<td></td>
<td>Worker participation, consultation, and communication on occupational health and safety</td>
<td>Refer to the “Supporting our employees” section of the 2022 SR. Additionally: We seek input and feedback from all of our colleagues and HSW representatives. We will also commit to ongoing constructive dialogue with our Trade Union members; fostering a joint understanding of HSW needs and helping deliver common solutions that will make our people safe and well. The Company Forum is the medium used for discussing and, where appropriate, reaching agreement on HSW issues which affect the whole of STW. As different parts of the organisation will have different business priorities and issues, there are also a number of Business Forums operating under the umbrella of the Company Forum. We have a number of Safety Improvement Teams (SIT) active across our business. SITs are groups of people who meet regularly to discuss team specific HSW performance and issues, and work to resolve those. In teams we also have appointed Wellbeing Champions. The Champion works with our Wellbeing team, are a point of contact within the team to share comms and campaigns, but also support the Team Manager in spotting and resolving individual wellbeing issues. The HSW team work closely with all groups, providing regular lead measures relevant to each to ensure they understand performance issues and are working to resolve them. We actively invite participation and feedback from our employees through a number of mediums including the annual engagement survey and behavioural safety surveys.</td>
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</table>
403-5 Worker training on occupational health and safety

Refer to the “Supporting our employees” section of the 2022 SR. Additionally:

Training is a key enabler for us to deliver against our Goal Zero ambition. It’s really important that all colleagues know what training needs to be completed as a minimum – and what training is available – if employees need more help or development. Our Safety Culture pack is available to new starters to Severn Trent. All training to help keep our employees safe, secure and well at work, can be found on our intranet. Employees have access to several training interventions to help keep them safe and well – whether they are an employee, or a people manager. General training categories provided are: Asbestos, Banksman, DSE, Fire Marshall, First Aid, Health, Institute of Occupational Safety and Health Leading HSW in Operations, Institute of Occupational Safety and Health Leading Safely in the Office, Line Manager Journey, Managing Contractors and Suppliers, Mental Health First Aid Lite for managers, Personal Safety, Trench Timbering, Water Safety and Work at Height. All people managers are required to review relevant safety standards and assess their team against these, through which training needs may be identified.

403-6 Promotion of worker health

Refer to the “Supporting our employees” section of the 2022 SR. Additionally:

Occupational Health: Our aim is to prevent health problems from occurring in the first place, although if an individual is off sick, we want to make sure they’re supported to return to work, as quickly as they’re able. Through the relationships we have with our external health partners, our employees have access to doctors, occupational health advisors, ergonomists, hygienists, psychotherapist, counsellors and physiotherapists. Anybody can make a referral to access help, advice and guidance. Employees can make a referral for themselves, or somebody that works for them. Manager referrals are made to a company called Duradiamond. Employees can get access to direct help, advice or guidance relating to both physical and mental health. If the referral is for pain or injury, employees can get advice, treatment and rehabilitation through our external physiotherapy partner: Vita Health Group. Mental health and wellbeing: We have trained over 500 mental health first aiders. Everyone can access our Employee Assistance Programme for free by phone. All information is treated confidentially and employees can access help and advice on all sorts of matters. People managers can also access a line manager toolkit for mental health and wellbeing.

403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships

Refer to the “Supporting our employees” section of the 2022 SR. Additionally:

We drive HSW performance by using a risk based approach to the planning and setting of HSW objectives. In order to achieve our ambition that no one gets hurt or made unwell by what we do, we are working towards six key HSW objectives,

- We understand our risks we face and the controls
- Our people are fit to work
- Our people are competent to work
- People work safe and stay well
- Work is adequately supervised
- We are learning from our work and fixing problems

403-8 Workers covered by an occupational health and safety management system

Refer to the “Supporting our employees” section of the 2022 SR. Additionally:

We are not accredited, however our management system is based on a best practise framework and legislation allowing us to identify and assess risk.

403-9 Work-related injuries

Additionally: In the company there were 0 fatalities, 19 LTIs (high consequence injuries) (rate 0.14) and 151 accidents overall including LTIs (rate 1.1). The main types of work related injury were slips, trips and falls, manual handling and being hit by a moving/flying/falling object. Hours worked: 13,628,120.

For our one supply chain contractors there were 0 fatalities and 6 LTIs (rate 0.23); no further accidents were reported. The main types of work related injury were manual handling slips, trips and falls and being hit by a moving/flying/falling object. Hours worked: 2,588,562.

403-10 Work-related ill health

In 2021/22 there were 0 fatalities, 0 LTIs and 0 cases of work related ill health.

TRAINING AND EDUCATION

404-1 Average hours of training per year per employee

We delivered a total of 27,836 training days in the reporting year, on average this is 3.83 training days per employee or 30.64 hours. The training covers the following areas: technical, core business, leadership development and Health and Safety.
## Diversity, Equity and Inclusion

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| 405-1     |          | Diversity of governance bodies and employees | a. As of March 2022, 50% of the Board members were female. As of May 2022, 44% are female.  
b. 29% of all employees are female in 2021/22, 21% of all employees are under 30, 53% are between 30 and 50.  
26% are over 50. 89% of all employees are white. In 2021/22, 10% of all employees are from an ethnic minority background. 5% of employees did not state their ethnicity. |
| 405-2     |          | Programs for upgrading employee skills and transition assistance programs | Refer to "Future proofing our skills and knowledge" section of the 2022 SR.  
Our performance management approach, Inspiring Great Performance, is critical to ensuring employee competency, by driving continuous performance improvement and encouraging personal growth and development. Inspiring Great Performance enables us through every-day feedback conversations, regular one to one meetings between individuals and line managers and quarterly performance reviews. These reviews include coaching, feedback and development planning. All employees are actively encouraged to create Personal Development Plans to develop their knowledge, skills and behaviours they need to perform at their best.  
We offer a pre-retirement course that helps our employees plan for a life outside Severn Trent. The course covers a range of topics including how to adapt to a different lifestyle, financial planning, Severn Trent pensions, estate planning, financial planning, Severn Trent pensions, state entitlements, planning for a life outside Severn Trent. The course covers a range of topics including how to adapt to a different lifestyle, financial planning, Severn Trent pensions, state entitlements, planning for a life outside. |
| 405-3     |          | Percentage of employees receiving regular performance and career development reviews | During the reporting year two formal performance assessments were carried out, the first at the end of Q2 and the second at the end of Q4. On average, over the two assessments, an average of 98.4% of our employees had completed their performance reviews by our internal deadline. |
| 406-1     |          | Incidents of discrimination and corrective actions taken | a. Total number of incidents of discrimination during the reporting period = 7  
b. Of the 7 cases, all 7 were reviewed by the organisation, 2 cases was unsubstantiated, 2 not founded, one resignation and 2 dismissals. |
| 406-2     |          | | Refer to “Future proofing our skills and knowledge” section of the 2022 SR.  
Our performance management approach, Inspiring Great Performance, is critical to ensuring employee competency, by driving continuous performance improvement and encouraging personal growth and development. Inspiring Great Performance enables us through every-day feedback conversations, regular one to one meetings between individuals and line managers and quarterly performance reviews. These reviews include coaching, feedback and development planning. All employees are actively encouraged to create Personal Development Plans to develop their knowledge, skills and behaviours they need to perform at their best.  
We offer a pre-retirement course that helps our employees plan for a life outside Severn Trent. The course covers a range of topics including how to adapt to a different lifestyle, financial planning, Severn Trent pensions, state entitlements, planning for a life outside. |

## Labor and Human Rights

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| 407-1     |          | Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk | Refer to our latest Anti-Slavery and Human Trafficking Statement, available [here](#).  
Also see GRI reference 102-41 |
| 408-1     |          | Operations and suppliers at significant risk for incidents of child labor | Refer to our latest Anti-Slavery and Human Trafficking Statement, available [here](#). |
| 409-1     |          | Operations and suppliers at significant risk for incidents of forced or compulsory labor | Refer to our latest Anti-Slavery and Human Trafficking Statement, available [here](#). |
| 412-1     |          | Operations that have been subject to human rights reviews or impact assessments | Refer to our latest Anti-Slavery and Human Trafficking Statement, available [here](#). |
| 412-2     |          | Employee training on human rights policies or procedures | In 2021/22, 99% of Severn Trent employees completed a modern slavery e-learning module, teaching them how to spot signs of exploitation. |
| 412-3     |          | Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening | All suppliers are required to sign up and operate in line with our Code of Conduct, which clearly states zero tolerance, and this is built into our procurement tender process. |

## Community and Social Impact

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| 413-1     |          | Operations with local community engagement, impact assessments, and development programs | Refer to our latest Anti-Slavery and Human Trafficking Statement, available [here](#).  
Our business plan for 2020-25 was developed over three years as part of a process called (called Price Review 2019 or PR19) to set price and revenue controls, performance commitments and customer outcome delivery incentives. Our Severn Trent Water plan was shaped by the largest engagement exercise we have ever coordinated, consulting with 32,000 customers and considering a further 1.9 million customer views.  
In 2016, an analysis of three water companies trust funds, as part of a process called (called Price Review 2019 or PR19) to set price and revenue controls, performance commitments and customer outcome delivery incentives. Our Severn Trent Water plan was shaped by the largest engagement exercise we have ever coordinated, consulting with 32,000 customers and considering a further 1.9 million customer views.  
In 2016, an analysis of three water companies trust funds, demonstrating the long-term impact of this kind of support. |

## Community and Social Impact

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In 2016, an analysis of three water companies trust funds, demonstrating the long-term impact of this kind of support. |
We consult with our customers before capital schemes, with feedback captured through our planned works website page: available [here](#).

We aim to get things right first time but we know sometimes things can go wrong. Our customer care team will support with domestic complaints as per our complaints procedure: available [here](#).

### 413-2 Operations with significant actual and potential negative impacts on local communities

Refer to the “Ensuring a sustainable water cycle” section of the 2022 SR

All suppliers are assessed against social criteria at tender. This criteria is tailored for each contract depending upon the service provided or goods procured and its associated social impact. Suppliers are assessed on, but not limited to Modern Slavery, Health and Safety, security practices and training and education, diversity and equal opportunities and community engagement.

Health and Safety, security practices and modern slavery are incorporated into supplier site visits, pre-award of contract. These are conducted by the relevant Procurement Category Manager.

This assessment informs our purchasing decisions, ensuring that the most capable supplier is selected. We also use this information to actively engage with our supply chain, sharing knowledge and encouraging development of their capability through contract delivery as appropriate.

In 2021/22 we completed a review of all pre-qualification supplier selection questions to ensure assessment criteria remains effective, proportionate and reflects our latest commitments outlined in our Sustainability Report. This included the introduction of a new question on Diversity & Inclusion. These new questions will be implemented this year.

To date, we’ve received over 900 responses to our Modern Slavery self-certification questionnaire, which is approximately 40% of our overall supply chain.

### 414-1 New suppliers that were screened using social criteria

We aim to get things right first time but we know sometimes things can go wrong. Our customer care team will support with domestic complaints as per our complaints procedure: available [here](#).

Our Sustainable Supply Chain Charter covers a broad range of social issues and impacts including child labour, freedom of association and collective bargaining and social mobility.

Compliance with this charter is included within our standard contractual terms and conditions. Specific reference to the mitigation of social impact is also stipulated within the contract specification and supplier standard terms and conditions.

We take a tailored and proportionate approach to the assessment and management of social impact throughout contract management. A dedicated Contract Management team ensures specific KPI’s that mirror our own are set in relation to the activity undertaken or product sourced and its associated social impact. Supplier performance is monitored and non-compliance addressed to ensure improvements are made. Significant negative social impacts are dealt with on a contract by contract basis and reported directly to the relevant senior lead to ensure resolution and mitigation against potential future incidents. We report centrally on issues relating to Health and Safety and Modern Slavery.

Through EcoVadis, our recently launched supplier assessment and ratings platform, we will explore opportunities to report centrally on additional social impacts.

A dedicated team is responsible for the continuous development and delivery of our Supply Chain Sustainability Strategy which seeks to minimise negative social impact, in relation to labour rights and modern slavery. Over the next year we will focus efforts on prioritising and developing supplier initiatives which promote positive societal impact in other aspects, and explore methodologies to measure their social value.

Suppliers are encouraged to report any incidents and near misses through our portal, Safety Net. In this reporting year, a total of 1765 incidents were reported by our supply chain, 527 of these related to good practise, a decrease compared to 619 in 2020/21. Of the 1179 remaining, 146 investigations have been undertaken and 33 actions completed. 82 investigations are ongoing. Compared to last year’s figures there has been an increase in the number of LTI’s by 3. The relevant contract owner takes responsibility to ensure investigations are conducted and a preventive action plan put in place. We are continually looking at improve the supplier reporting process. Our Safety Improvement Group is responsible for developing our approach across contract management.
We continuously evolve our approach to ensure proactive and effective due diligence measures are in place to tackle Modern Slavery within our supply chain. Refer to our Modern Slavery Statement for more information. This year we investigated a modern slavery concern raised by a member of staff, who identified a perceived risk at our Coventry office. The Group’s escalation and remediation policy was implemented in response to the reported concern and experts, Slave-Free Alliance were engaged to investigate the supplier in question. The outcome of the investigation identified no evidence of modern slavery activities within the supplier’s organisation but did highlight worker welfare concerns within a subcontracting organisation. For more information, please refer to our Modern Slavery Statement.

Our dedicated channel, Supplier Spotlight, allows for individuals to provide supplier feedback, including on social issues. For this reporting period, 31 reports of internal supplier feedback were received in relation to Health and Safety - 3 of which were positive. Of the remaining 28 reports, 22 have been resolved with plans are in place to prevent future occurrences, and 6 are still under investigation. No other social impact issues were reported. We would not terminate a contract as a result of negative social performance alone. Instead we are committed to working collaboratively with a supplier to help develop and improve their approach.

Through our partnership with the Supply Chain Sustainability School, Supplier Summits, Supplier onboarding events and dedicated supplier training and communications we aim to raise awareness of potential negative social impacts and work collaboratively to mitigate this risk and identify opportunities to enhance our contribution.

Severn Trent’s policy is not to make any donations for political purposes in the UK, or to donate to EU political parties or incur EU political expenditure. Accordingly, neither Severn Trent Plc nor its subsidiaries made any political donations or incurred political expenditure in the financial year under review. As detailed in page 151 of 2021/22 ARA.