DRIVING LASTING CHANGE

Severn Trent Plc
Sustainability Report 2024

SEVERN TRENT

SUSTAINABILITY REPORT 2024

About this report

Welcome to our 2024 Sustainability Report. The report outlines our long-term environmental, social and governance commitments and highlights progress against our sustainability objectives for the year. The report aligns with our Corporate Strategy, 'performance driven, sustainability led', and brings the strategy to life using case studies of our work.

Our purpose

Taking care of one of life's essentials

Driven by our strategy

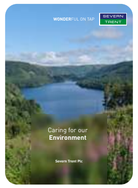
Performance driven, sustainability led

Our reporting suite

Environment

Water Resources Management Plan 2024

Final Drought Plan 2022-27



Caring for our Environment

Get River Positive 2024

Green Recovery Report 2023

Social

Severn Trent Community Fund 2024

Gender And Ethnicity Pay Gap Report 2023

Governance

Severn Trent Plc Annual Report and Accounts 2023/24

Introduction

About this report / Our reporting suite 02
Table of contents 02
Introduction from our CEO 03
Corporate Sustainability Committee Chair's statement 05
Our approach to sustainability 06
2023/24 at a glance 07

Environment

Overview 08
Priorities and performance 09
Actively improving the health of our rivers 10
Resilient to our changing climate 13
Ensuring a sustainable water cycle 20
Enhancing our natural environment 23
Extracting value from waste 31

Social

Overview 32
Priorities and performance 33
Delivering an affordable service 34
Investing in skills for our communities 36
Creating opportunities in our communities 39
Where we are 40
Investing in skills for our people 41
Becoming wonderfully diverse 44
Supporting our suppliers 46

Governance

Overview 47
Priorities and performance 48
Living our values: Our governance framework 49
Engaging with our stakeholders 50
Aligning remuneration with sustainability 53
ESG recognition 54

INTRODUCTION FROM **OUR CEO**

I am delighted to introduce our fifth Sustainability Report. As we have outlined in our previous four reports, sustainability is a fundamental part of our identity: it is engrained in our culture, central to our strategy, and executed by everyone in our business in delivering our purpose, 'taking care of one of life's essentials'.

"Our customers, and wider stakeholders, care passionately about our environmental and social impact in our region. Sustainability is a fundamental part of our identity, and we have made excellent progress in some of the areas we know they truly value. We know there is more to do, and we continue to push further, faster, as we embody our strategy of being performance driven, sustainability led."

Investing in the future now

Looking after people and planet for the long-term is at the heart of sustainability. In October 2023, we submitted our Business Plan (our 'Plan') for 2025-30 to Ofwat. This is our most ambitious plan to date and we have proposed a £12.9 billion investment programme. As part of the Plan we have proposed c.£5 billion of enhancement expenditure, of which 82% relates to environmental and sustainability priorities. This includes addressing some of the biggest environmental and social challenges that our customers tell us they care about:

- **Improving the health of rivers –** we are proposing to invest over £2 billion to improve the health of our region's rivers by reducing the impact and frequency of spills from storm overflows and through a reduction in phosphate at our wastewater treatment works
- **Climate change mitigation –** we have made a dedicated business case for £430 million (subject to regulatory approval) to invest in technologies that reduce operational emissions, which is vital in achieving net zero operational emissions by 2030, well ahead of the Government's 2050 target
- **Resilience to environmental challenges –** in particular protecting raw water sources, water quality and bolstering our resilience to climate change. Our proposed investments will help to meet future generations' water needs and build on our improved approach to network resilience, through innovative, nature-based solutions
- **Customer affordability –** in building our ambitious Plan, we've worked hard to ensure we aren't passing on unnecessary costs to our customers. Our Plan includes a £550 million affordability package built on our existing affordability programmes and by 2030 will support c.700,000 customers with help to pay their bill each year, the equivalent of one in six customers

Navigating the challenges of today

We have made excellent progress in some of the areas that we know our customers, and wider stakeholders, truly value. We know there is more to do and one topic that has been, and remains, at the forefront of our customers' minds is combined sewer overflows ('CSOs'). The unprecedented weather this year has highlighted that we need to go further, move quicker, and find more creative and innovative solutions to meet the expectations of our stakeholders, in particular on CSOs.

Within our Plan, we have set ourselves the most ambitious targets in the sector for minimising the use of CSOs, with targets that go further and faster than the Government's Storm Overflow Reduction Plan.

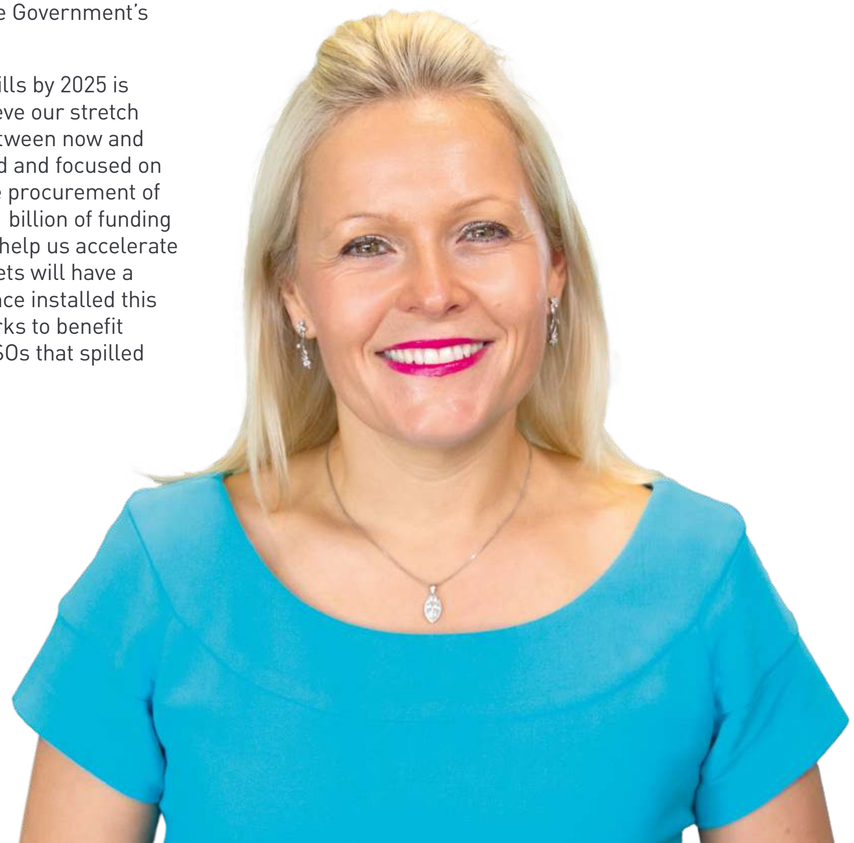
Meeting our target of an average of 20 spills by 2025 is a priority, and we are determined to achieve our stretch ambition to halve our number of spills between now and 2030. Our whole organisation is energised and focused on this activity, and we are now finalising the procurement of thousands of assets, drawing upon the £1 billion of funding our investors contributed last October to help us accelerate our five-year investment plan. These assets will have a dramatic reduction on the use of CSOs once installed this year. Overall, we expect these capital works to benefit 900 sites, representing over 40% of all CSOs that spilled last year.

£2 billion

of proposed investment to improve river health

£40 million

investment works on our Net Zero Hub in Strongford, which completed this year



INTRODUCTION FROM OUR CEO CONTINUED

To ensure we make demonstrable progress, at the pace our stakeholders expect, we have assembled a dedicated team of hundreds of people working across hundreds of sites. By the end of this year, we will accelerate investment across our 900 highest priority overflows to reduce our average spill numbers to below 20 by 2025. This activity involves increasing storage capacity for storm water at large and small treatment works, adding nature-based treatment, and expanding our treatment capacity. By storing more water, increasing our treatment capacity, and protecting our network, we believe we can substantially reduce our usage of CSOs. Read more on page 11.

For more details on our CSOs performance and the work we are doing to improve the health of rivers in our region, please see our Severn Trent Plc Annual Report and Accounts 2023/24 and our Get River Positive Report.

Severn Trent Plc Annual Report and Accounts 2023/24

Download to read more

Get River Positive Report 2024

Download to read more

Alongside our work on spills, we have also made significant progress in improving the health of rivers, as measured by the Environment Agency's Reasons for Not Achieving Good Status ('RNAGS'). On this measure, we believe we have reduced our contribution to 14%, as our Get River Positive programme drives long-term improvement in river quality.

The impacts of climate change have become increasingly evident over recent years, and our role as stewards of our local environment has never been more important. I am delighted that, earlier this year, work on our £40 million Net Zero Hub at Strongford wastewater treatment works was completed. We have selected, trialled and tested physical, biological, chemical and digital technologies to reduce and offset our operations process emissions and we are now focusing on our commissioning plan. This ground-breaking project to transform a large carbon-intensive wastewater treatment works will create a 'blueprint' that we will share with the rest of the sector.

During the year, Severn Trent Water Limited was fined £2 million for a pollution that occurred at our wastewater treatment works in Barlaston in 2020. Our operational failings at the site led to a risk of environmental harm, which is unacceptable to me, my team and everyone at Severn Trent. We took valuable lessons from this event and have put in place measures to prevent incidents of this nature happening again. To demonstrate how seriously we take this event, we have included a dedicated section within our Severn Trent Plc Annual Report and Accounts which sets out our response, lessons learned and action taken to prevent similar incidents in the future.

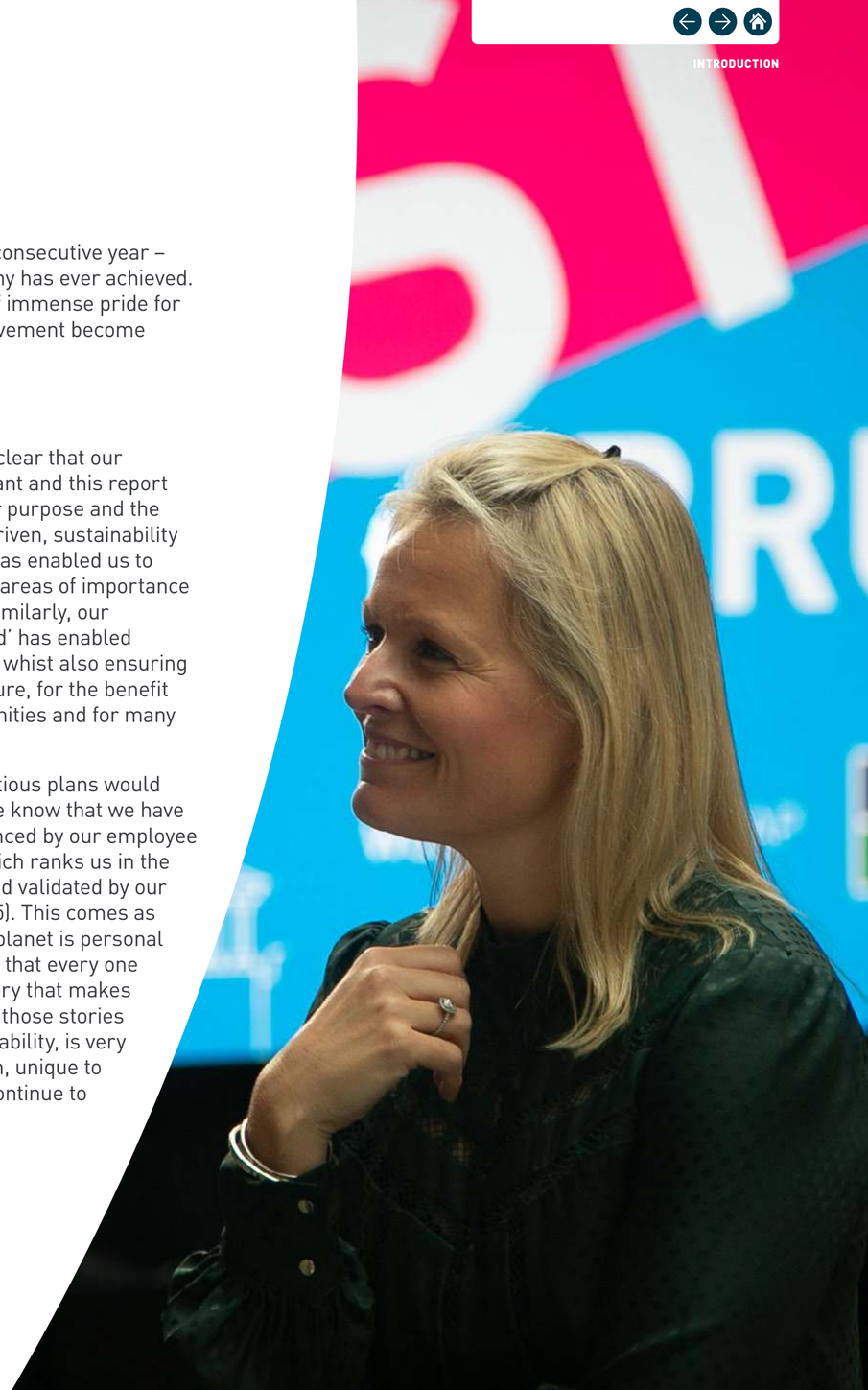
Overall, we have made significant strides in delivering our environmental programme, and whilst there is always more to be done, it was pleasing to see our efforts reflected in our EPA assessment. In 2023, we achieved EPA 4* for the fourth consecutive year, and with no serious pollutions this year, we are highly confident that we will achieve EPA 4* for a fifth consecutive year – a level of consistency no other company has ever achieved. The achievement would be a source of immense pride for us, especially as the metrics for achievement become more stretching.

And finally....

When reflecting on the past year, it is clear that our purpose has never been more important and this report aims to reflect our commitment to our purpose and the focus placed on being 'performance driven, sustainability led'. This 'performance driven' focus has enabled us to make significant progress this year in areas of importance to our customers and stakeholders. Similarly, our continued drive to be 'sustainability led' has enabled us to navigate the challenges of today, whist also ensuring we can meet the challenges of the future, for the benefit of tomorrow's customers and communities and for many generations to come.

Delivering our performance and ambitious plans would not be possible without our people. We know that we have a truly engaged team of people, evidenced by our employee engagement score of 8.6 out of 10, which ranks us in the top 3% of utility companies globally and validated by our highest ever score on Glassdoor (4.5/5). This comes as no surprise; looking after people and planet is personal for many people. On a daily basis I see that every one of our people has their own unique story that makes it personal for them. When you put all those stories together it becomes clear that sustainability, is very much part of our identity. That passion, unique to everyone at Severn Trent, is why we continue to deliver our purpose with pride.

Liv Garfield
Severn Trent CEO



CORPORATE SUSTAINABILITY COMMITTEE CHAIR'S STATEMENT

The extreme and volatile weather patterns over the past year are a stark reminder that the backdrop to our operations is becoming ever more challenging.

Aligned with the pressures of climate change, customers' expectations have continued to evolve, and they want the sector to deliver better environmental performance, particularly in relation to river health.

We hear what our customers and stakeholders are saying and we are taking a bold and pioneering stance on sustainability. This is demonstrated right across our business, from the net zero wastewater treatment works, our Net Zero Hub at Strongford, to our river pledges and more recently our Plan for 2025-30, which proposes some of the most stretching environmental targets in relation to rivers. Our stakeholders, including our customers, have played an integral role in shaping our Plan. With that in mind, we are not waiting for AMP8; we are making changes now with the actions taken reflected within this report.

We know that we cannot tackle these challenges alone, and we must innovate and adapt by pushing boundaries and testing what is feasible. I am proud that this report reflects the emphasis we place on driving change and shares details of our initiatives which reflect the important role innovation plays at Severn Trent.

Our sector-leading performance on sustainability is made possible by the collaborative efforts of our people, underpinned by our strong purpose, values, and unwavering commitment to the environment. To have the efforts of our people recognised by external bodies is a source of immense pride; we were once again acknowledged by Corporate Knights as one of the top 100 most sustainable companies in the world and have been recognised by Sustainalytics as a top rated company, with their rating placing us within the top 5% of all utilities.

In parallel, our internal rewards structure recognises the fundamental role that our people play in delivering outcomes that our stakeholders really care about. Our Annual Employee Bonus has been restructured to increase the weighting placed on environmental measures from 30% to 35%, as well as the non-financial measures within our Long-Term Incentive Plan for senior management from 20% to 50%.

This report reflects our progress but at the same time reminds us of the journey ahead. We are at a crucial point in time and must address multiple challenges to our natural environment at pace. Leadership is crucial and we are determined to lead the charge within our region, work with others across the UK and play our part in a global transition towards a sustainable future for all.

Tom Delay
Chair of the Corporate Sustainability Committee

Materiality: Find out more on how we identified the areas most material to our business

Download to read more

As a sustainable business, we embody our 'performance driven, sustainability led' strategy in all that we do. This is reflected in our culture – where everyone at Severn Trent respects our natural environment and acts as a good neighbour in the communities we serve to drive lasting positive change.

OUR APPROACH TO **SUSTAINABILITY**

Our Corporate Strategy was launched in 2023 and gives us a shared direction. It acts as a guide for what we do today and a blueprint for the areas we need to develop in the future. It aligns delivery with our purpose, and the priorities of our customers, communities and wider stakeholders.

Read more in the Severn Trent Plc Annual Report and Accounts 2023/24

Download to read more

Our strategy

Being 'sustainability led' is a fundamental part of our Corporate Strategy and an essential element in achieving our purpose 'taking care of one of life's essentials'

Delivering outcomes our customers care about

Running a business that goes hand-in-hand with nature

Environment

Caring for people in our region

Society

A driver of positive change

Governance

2023/24 AT A GLANCE

Affordability and accessibility

c.260,000
customers supported across our affordability assistance schemes

£550m
affordability support announced for AMP8

Ensuring a sustainable water cycle

Zero
serious pollution incidents this year

11%
leakage reduction over AMP7 and our lowest ever annual level of leakage

Carbon and climate change

46%
reduction in Scope 1 and 2 emissions by 2031 from a 2019/20 baseline

£56m
invested to date on progress towards our net zero target

69%
of our company cars are now electric

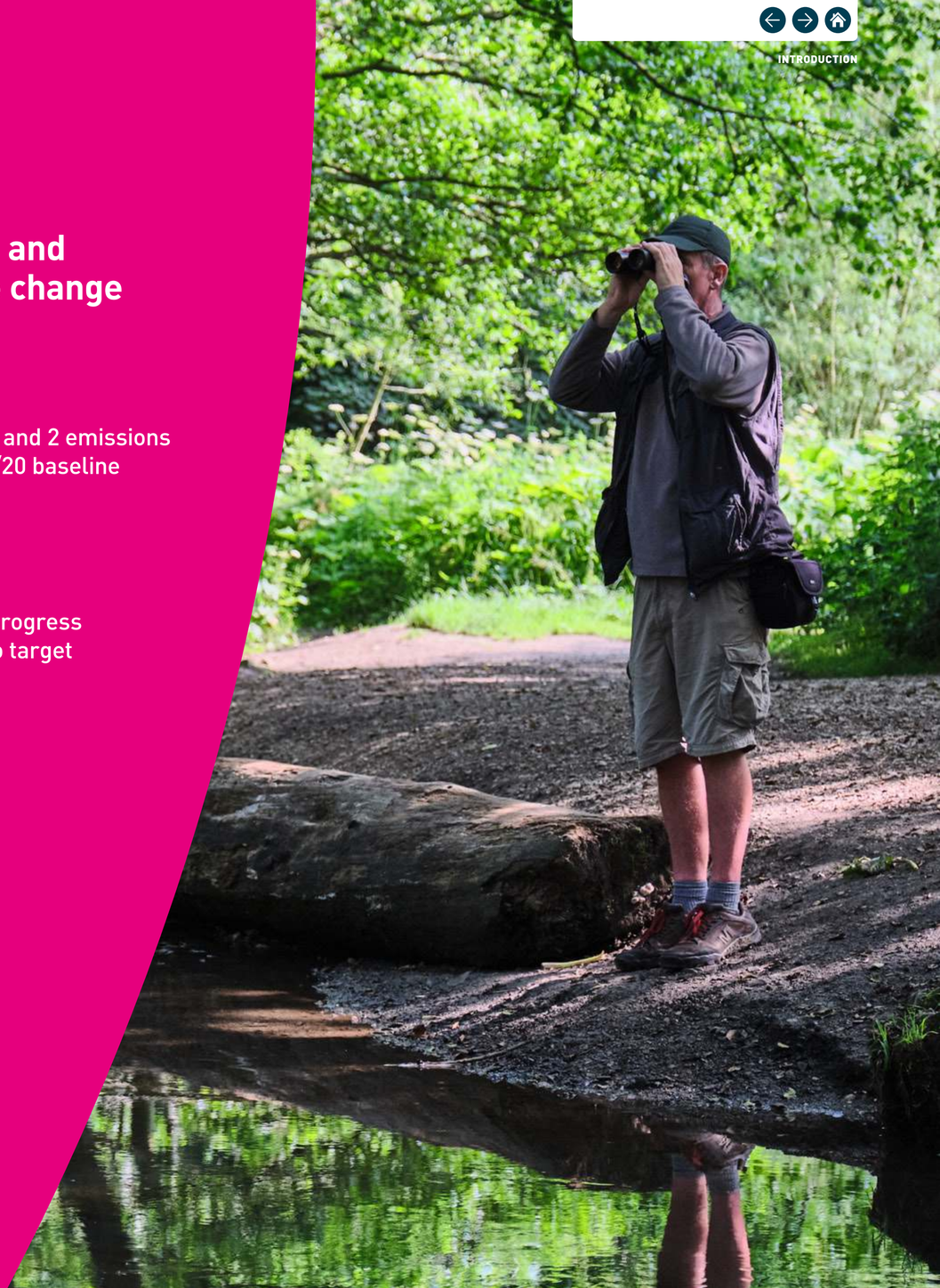
River health

>7,000
river inspections to help inform our activity and further improve river health

Enhancing nature

>11,000
hectares of improved biodiversity

c.119,000
trees planted this year



ENVIRONMENT

Environmental performance is one of our key priorities with a particular focus on enhancing the health of our rivers, achieving net zero operational emissions by 2030 on our Scope 1 and Scope 2 emissions and investing in our water resources so we can continue to respond to a changing climate and population growth.

PRIORITIES AND PERFORMANCE

How we performed in 2023/24

Actively improving the health of our rivers

Improving our rivers and protecting their health is a primary area of concern for us

Goal: By 2030, the impact of our operations on our region's rivers will be reduced to <2% of Reasons for Not Achieving Good Status ('RNAGS')

Progress: We believe our contribution to RNAGS has reduced to 14%

(On target)

Goal: To improve 50km of rivers across Shropshire and Warwickshire by March 2025

Progress: 60% of our improvement projects are now in construction phase (33% of total project)

(On target)

Resilient to our Changing Climate

Climate change is one of the greatest challenges we face, and at an accelerating pace. Mitigating and adapting to climate change is crucial

Goal: 46% reduction in Scope 1 and 2 Science-Based Targets ('SBTs') by 2030

Progress: 30% reduction in Scope 1 and 2 SBTs for the year

(On target)

Goal: 70% of our supply chain (by emissions) having set a Science Based Target ('SBT') by 2026

Progress: 58% of our supply chain has set a science based target

(On target)

Ensuring a Sustainable Water Cycle

This is fundamental for our business, it lies at the heart of our sustainability ambitions and our purpose

Goal: 15% leakage reduction by 2025

Progress: 11% leakage reduction over AMP7 by the end of 2023/24

(On target)

Goal: 3.5% Per Capita Consumption ('PCC') reduction by 2025

Progress: 51% reduction achieved against our 2019/20 three-year average baseline

(On target)

Enhancing our Natural Environment

We are dependent on the natural environment for our operations. The protection and restoration of our land is good for both our business and the planet

Goal: Improve the biodiversity of 10,000 hectares by 2027

Progress: Over 11,500 hectares improved as of April 2024

Achieved

Goal: 2,000 hectares of peatland restored by 2025

Progress: Over 1,000 hectares of peatland restored as of April 2024

(On target)

ACTIVELY IMPROVING THE HEALTH OF OUR RIVERS

Our pledge to Get River Positive

Our rivers are a crucial part of the places where many of us live, work and spend our leisure time. They play a significant role in our ability to deliver our essential service. The health of our rivers is vitally important and protecting them remains a critical priority for Severn Trent and our stakeholders. Given how fundamental rivers are to Severn Trent, our customers, communities and wider stakeholders, we have published a dedicated Get River Positive Report which sets out in greater detail our progress against our five Get River Positive pledges.

Find out more in our Get River Positive Report 2024

Download to read more

Our five Get River Positive pledges

Pledge One:

Ensure storm overflows and sewage treatment works do not harm rivers

What we are doing:

It is our ambition to reduce the RNAGS we are responsible for to 10% of the RNAGS in our area by March 2025 and we believe we have reduced our contribution to 14%.

We have a dedicated team in place to reduce our impact on rivers. This includes our community River Rangers, data scientists and our Zero Spills Hub specialising in spill reduction.

We have implemented a comprehensive improvement plan for storm overflows following extensive monitoring and visits to all storm overflows, underpinning investment to reduce spills across 900 of our sites. This activity involves increasing storage capacity for storm water at both large and small treatment works, adding nature-based treatment, and expanding our treatment capacity. By storing more water, increasing our treatment capacity, and protecting our network, we believe we can substantially reduce our usage of storm overflows. Read more on page 11.

Pledge Two:

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

What we are doing:

In early 2024, we broke ground on improvements to 50km of our rivers across Shropshire and Warwickshire as part of our Green Recovery Bathing Rivers programme.

We are the first UK water company to trial an experimental ozone treatment to enhance our effluent at the end of the sewage treatment process, which is taking place at three of our wastewater treatment sites.

At our bathing rivers, our designs for innovative new ozone treatment are progressing well, and we are on track to deliver against our March 2025 target.

2023 saw us launch paddleboarding at our beautiful Ladybower Reservoir in the Upper Derwent Valley for the first time.

And in 2024 we're working in partnership to support activity on the rise – by trialling managed swim events and sessions at Carsington Water. If the trial goes well, we'll be hosting further events in 2025.

Pledge Three:

Supporting others to improve and care for our rivers

What we are doing:

Over the last year, our Community Fund has awarded over £256,000 to projects that help protect river health.

We are working with Shropshire Wildlife Trust to restore a section of the River Corve, bringing major environmental benefits to the site.

Since launching the Severn Trent Environmental Protection Scheme ('STEPS') in May 2022, we have awarded over 400 grants for on-farm improvements that help protect water quality and biodiversity.

Our River Rangers and employee volunteers have worked alongside Severn Rivers Trust to collect rubbish in and around local rivers as part of our 'Severn Spring Clean 2024'.

Pledge Four:

Enhance our rivers and create new habitats so wildlife can thrive

What we are doing:

Since January 2022, our River Rangers have attended over 280 meetings with partners and environmental/community groups about river health.

Since their introduction, our River Rangers have completed more than 7,000 river inspections.

Over the last year, over 400 of our Severn Trent employees have volunteered c.2,500 hours to clear rivers of rubbish and non-native species.

Pledge Five:

Open and transparent about our performance and our plans

What we are doing:

To ensure we are being transparent with our customers and stakeholders, we publish our annual EDM data on our website each year, which contains all the monitoring information from storm overflows across our region. We also launched our EDM map in April 2024, showing the status of all storm overflows in our region in an accessible format.

Since establishing our Independent Get River Positive Advisory Panel, we have enhanced the Panel's membership to include more representation from river users, alongside land use and habitat experts.

Watch the video to learn more about our 'Bathing Rivers' work

Watch the video here

ACTIVELY IMPROVING THE HEALTH OF OUR RIVERS CONTINUED

Addressing storm overflows

Storm Overflows spills ('SOs') are one of the biggest issues facing our sector today and we are firmly committed to reducing their usage as quickly as possible to meet the expectations of our customers and wider stakeholders.

On an average rainy day in England, about two million litres of rainwater will fall on every square kilometre. And all that water needs to go somewhere. Every day, we take away 3.29 billion litres of wastewater from toilets, bathrooms and kitchens in homes and businesses. Wastewater also flows into our network due to drainage from roads, highways and public spaces, and flows through our 93,000 km network of pipes to one of our 1,000 wastewater treatment works to be treated and safely returned to the environment. During periods of sustained rainfall, the volume of wastewater entering our network increases significantly and, as we have seen this year, weather patterns are changing, resulting in some of the wettest months on record.

The schematic on the right shows how the sewerage system operates in the UK. We have 2,472 overflows within our wastewater system and each overflow is designed in accordance with a permit condition as outlined by the Environment Agency ('EA'). The permits specify the conditions under which a spill is permitted ensuring no detrimental impact to the receiving watercourse. Whilst these spills operate within permit conditions and serve an important purpose, our stakeholders care deeply about reducing their usage – and so do we.

Meeting our target of an average of 20 spills by 2025 is a priority, and we are determined to achieve our stretch ambition to halve our number of spills between now and 2030. Our whole organisation is energised and focused on this activity, and we are now finalising the procurement of thousands of assets, utilising some of the £1 billion of funding our investors contributed last October to help us accelerate our five-year investment plan. This investment will have a dramatic reduction on the use of CSOs once installed this year. Overall, we expect these capital works to benefit 900 sites, representing over 40% of all CSOs that spilled last year.

To ensure we make demonstrable progress on our investment programme, at the pace our stakeholders expect, we have assembled a dedicated team of hundreds of people working across hundreds of sites. By the end of this year we will deliver a combination of solutions as follows:

- Over 700 storage solutions at our treatment works and network assets. These assets will allow us to capture and store more rainwater during periods of high rainfall and dramatically reduce spills at those sites;
- c.25 Submerged Aerated Filter ('SAF') treatment units that will enable us to expand the treatment capacity through the additional processes, dramatically reducing spills into the environment;
- c.70 reed beds that will provide for nature-based treatment of sewage at the storm route for smaller sites, which would eliminate untreated sewage entering rivers;
- Nearly 200 enhancements at specific CSOs on our network, which will enable us to increase the flow of sewage to our treatment works, reducing the potential for a spill into the river;
- Over 100 flap valves that will prevent river ingress into our network, which would otherwise overload the capacity of our sewers with river water; and
- c.8,000 water butts in 10 communities to trial at scale surface water separation.

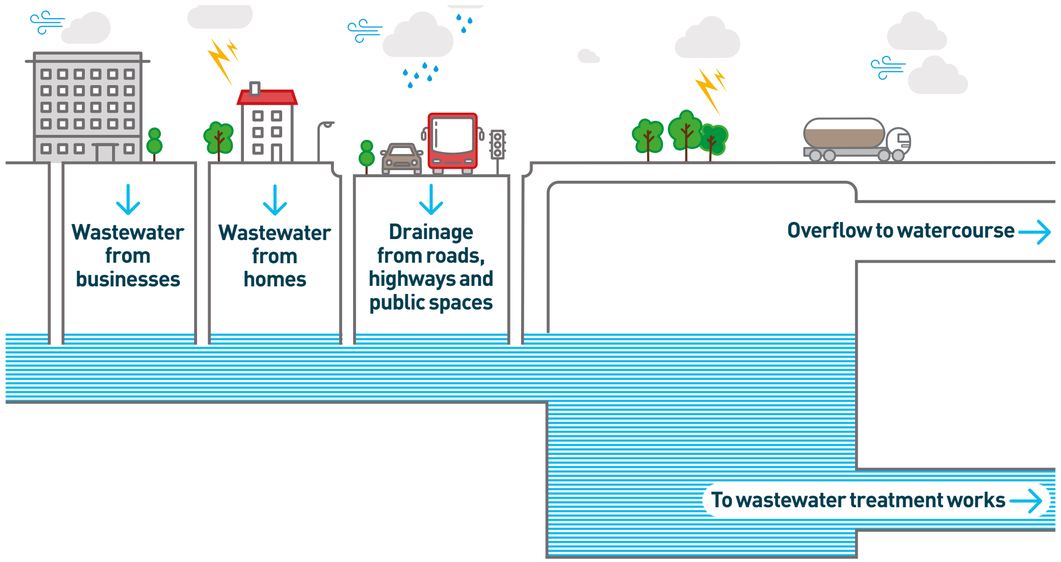
This activity is being supported by international partnerships and an international solutions scouting programme.

This is a big programme and to deliver these improvements we are growing our business. This year, we redesigned sections of wastewater operations, including insourcing of our customer waste teams and as part of our new accelerated programme, we will be using our supply chain to deliver spill reductions as they work on our wider environmental programme. This complex, scale activity will be overseen by our dedicated CSO programme, that reports directly into our Executive Committee on a weekly basis, to deliver our investment plan as quickly as possible. We intend for all these solutions to be installed by the end of the year, enabling us to rapidly reduce the use of CSOs once in operation.

You can read more about this activity in our dedicated storm overflow improvement plan set out in the Severn Trent Plc Annual Report and Accounts 2023/24, including case studies on the individual investments made during the year to bring the scale of this activity to life.

Download to read more

Sewerage System and Storm Overflows



ACTIVELY IMPROVING THE HEALTH OF OUR RIVERS CONTINUED

Managing pollutions

Our performance this year has been delivered against a backdrop of some truly challenging weather conditions; this year was 35% wetter than the last, with 10 named storms between September 2023 and March 2024 and nearly 30% of river gauging stations in our region recording their highest ever levels. While we've felt its impact, weather cannot be an excuse for us or our sector – climate change is something we must all adapt to, and it is our job to protect our customers and the environment from its impact on our operations. The unprecedented weather this year has highlighted that we need to go further, move quicker, and find more creative and innovative solutions to meet the expectations of our stakeholders.

Zero

serious pollution incidents this year

Proactively managing pollutions

The exceptional weather undoubtedly contributed to a disappointing performance on some critical waste measures – in particular, pollutions. Despite having no serious pollutions this year, a 24% increase in the number of Category 3 pollutions meant we missed our pollutions target for the first time since Performance Commitments were introduced in 2015. We know there is more we can do and we are confident that our substantial investment in our network over recent years will improve our performance. Our new pollutions training river opened at the Academy in 2023, enabling frontline operatives to get hands-on experience during their training on how to deal with certain types of pollution incidents in order to manage events effectively and minimise potential environmental impact.

We continue to use detailed data and analytics to identify hot spots and high-risk areas where we can target our cleansing work to keep the sewerage network clear of obstructions and blockages. By using the information provided by our network monitors we have a greater understanding of the real-time conditions allowing us to act to prevent problems occurring. Our Pollution Focus Group is in place to optimise current ways of working, and to implement improvements. Our approach ensures that: events are prioritised and assessed at the right level within the organisation to ensure a consistent approach, prompt action is taken and that potential learnings from events are cascaded throughout the Group in an expedient manner.

We have also insourced around 400 people into our waste networks teams. As our new colleagues embed into the organisation, we anticipate seeing benefits in our waste performance in the next twelve months.

RESILIENT TO OUR CHANGING CLIMATE

Carbon and climate change

Our commitment to acting on climate change is clear: our Triple Carbon Pledge commits us to achieving operational net zero emissions by 2030[1], and our SBTs are aligned to a 1.5°C threshold.

We aim to lead our sector in reducing emissions whilst also mitigating any impacts to our services as a consequence of climate change, to ensure we continue to deliver positive outcomes for our customers and the environment, both now and over time.

Scope 1
Direct emissions from owned or controlled sources.

Scope 2
Indirect emissions from the generation of purchased electricity, steam, heating and cooling consumed.

Water
We provide 4.7 million households and businesses across our region with fresh, clean drinking water every day – that's about 2 billion litres each day.

Scope 1 **2%** Scope 2 **20%**

Wastewater
We treat 3.3 billion litres of wastewater each day before returning it safely to the environment.

Scope 1 **67%** Scope 2 **11%**

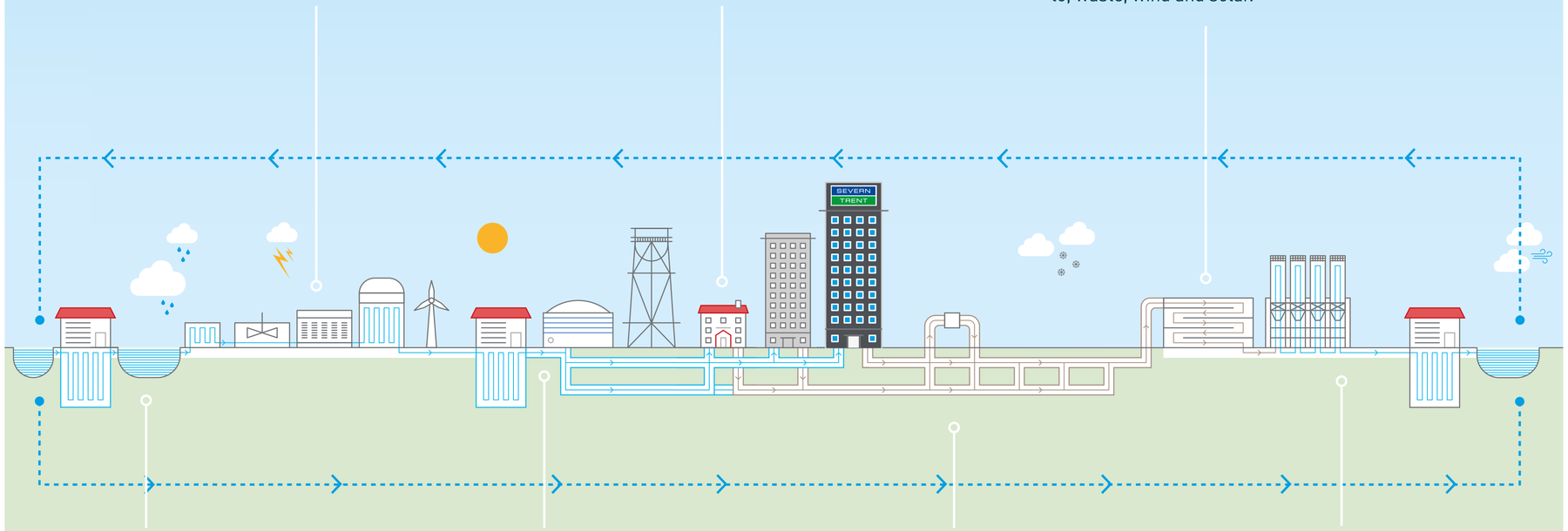
1. For Scope 1 and 2 with some outsourced Scope 3.

Our value chain

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

Customers enjoy our services
4.7 million households and businesses use our services, delivered by a team of over 9,000 employees, always ready to help.

Clean wastewater
Wastewater is carefully screened, filtered and treated in our sewage treatment works to meet stringent environmental standards. We generate energy from, but not limited to, waste, wind and solar.



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

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

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

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

RESILIENT TO OUR CHANGING CLIMATE CONTINUED

Adapting to climate change

The need to adapt to a changing climate, and the consideration of its impacts is a key focus for us.

Our customers rightly expect resilient water supplies, both now and in the future, and that our waste systems perform reliably, whatever the conditions. To ensure we are as prepared as possible, we have strengthened our climate risk assessment process across the business, which is being used to inform future activity. For example, we have undertaken site-specific assessments of our bioresources operations to identify principal risks. You can read more about this approach in our Task Force on Climate-Related Financial Disclosures ('TCFD') within our Severn Trent Plc Annual Report and Accounts 2023/24.

What we've experienced in 2023

As outlined earlier in this report, the last 12 months have seen some of the most exceptional and challenging weather conditions in our history, with 10 named storms between September 2023 and March 2024.

In line with our culture of continuous improvement, following the first significant named storm event – Storm Babet – we established learnings for future events including a documented Storm Readiness approach, focusing on proactive measures to be implemented in anticipation of storm events, prioritisation of resources, communications with customers and communities and reactive actions to be deployed to mitigate customer impacts to the greatest extent possible.

Increasing focus on climate adaptation

Assessing and managing climate risks forms an essential part of our planning processes. This activity is supported by scenario analysis modelling to inform our approach and decision making; this encompasses a range of different plausible futures. Our long-term investment plans and Long-Term Delivery Strategy were informed by future climate considerations, to build resilience into our systems and infrastructure. Quantitative modelling has informed our Water Resources Management Plan ('WRMP') and our Drainage and Wastewater Management Plan ('DWMP').

In 2023, we embarked on a journey to strengthen our climate risk assessments across the wider business. This involved reviewing our current assessments against ISO 14090 and ISO 14091 standards (Adaptation to Climate Change), to improve our processes for assessing risks.

We have been working with our senior managers to increase awareness and engagement around the implications of climate change across the Group. The goal is to build climate thinking into all business decisions and increase our understanding and resilience of our own assets and systems.

We are also working with others in our region to help build plans across the Midlands, supporting partners and communities and developing better adaptation solutions for the region.

Read more on adaptation in our TCFD disclosure and our EU Taxonomy disclosure, both included in our Severn Trent Plc Annual Report and Accounts 2023/24

Protecting the 700-year old town of Mansfield from flooding

We are working in Mansfield to create the UK's first catchment-scale flood-resilient community, using an innovative 'nature-based' approach to reduce surface flooding risk. We are installing Sustainable Urban Drainage Systems ('SuDS') across Mansfield to absorb rainwater, providing additional storage capacity, whilst also improving biodiversity and creating community enjoyment opportunities. SuDS work by retaining surface water away from our waste network until surface water flooding has subsided, when it can then be treated and safety returned to the environment.

The project will see the introduction of hundreds of nature-based solutions to the historic market town, including detention basins and bioswales, which will deliver significant environmental and community enjoyment benefits and reduce the pressure on the wastewater network. The learnings from this scheme will provide a blueprint for the future of similar schemes across the UK, which we will also share with the rest of our sector.

Already, the project has facilitated approximately 5,000 m^3 of surface water storage through our interventions, provided 48 rain gardens and delivered more than 4,800 m^2 of permeable paving with over 1,200 m^3 of storage. We have also installed eight bioswales and detention basins, which are already delivering improvements to local communities, as the quote from a local resident outlines:

> **I had my doubts about the rain garden as to whether it was a good idea and would it work, but after arriving home from work today (during Storm Babet) with this torrential downpour my doubts disappeared. Usually, my garage is flooded after very heavy downpours, but today it wasn't. It's a big surprise – the rain garden seems to be doing its job already!**

Resident of Eakring Road
Mansfield

RESILIENT TO OUR CHANGING CLIMATE CONTINUED

Progressing our net zero targets

Our Triple Carbon Pledge

Net zero

operational emissions Scope 1 and 2 across our business by 2030 from a 2019/20 baseline (includes renewable energy exports)

Baseline — 100% reduction (target)

21% (reduction) — 2030

100%

of energy from renewable sources ('RS') by 2030

Baseline — 100% (target)

83% (RS) — 2030

100%

electric vehicles, where available, by 2030

Baseline — 100% (target)

26% (EV fleet) — 2030

Earlier this year, our teams developed and submitted our Plan, which outlines our investment plans for the period 2025-30. A key requirement is that it delivers improvements on the matters that our customers care most about, including the environment.

Customer research undertaken for our Plan, which factored in the views of over 68,000 customers, reinforced that customers are focused on climate change, particularly, the impacts of climate change on future generations. As such, our Plan was developed in consideration of these views, including the Government's climate targets. We have committed to achieving net zero operational carbon emissions by 2030. Achieving our ambitious goals requires us to develop new processes and adopt new ways of working to reduce emissions, whilst maintaining the core principle of protecting our essential services to deliver positive outcomes for our customers and the environment both now and over time. We have made good progress on reducing Scope 1 and Scope 2 emissions and our next area of focus will be to formalise our Scope 3 reduction plans in a similar format to Scopes 1 and 2.

Our strategy considers the best operational, technological and economic route to meeting our climate goals. We continually review this as part of our net zero programme to ensure decisions reflect latest advancements and best practice. As a consequence, our glidepath to net zero shows our journey will not be linear. In the short term, we expect our emissions to increase, driven by population growth and expanded statutory obligations, which will increase our usage of chemicals and require new construction. As such, our Plan sets out how we're going to reduce the greenhouse gases ('GHGs') emitted from two of the most significant contributors to our footprint: wastewater and sludge treatment processes, and heat and fuel.

We have made significant progress already and invested heavily in industry-leading innovation, for example our Net Zero Hub at Strongford wastewater treatment works which integrates technologies to reduce and remove process emissions from the site, as well as increasing the production of biomethane. You can read more about this facility on page 16. Our learnings formed part of our PR24 enhancement proposal to Ofwat for net zero investment. Collaboration to share challenges and goals, both within our sector and with companies in other sectors, can also accelerate progress towards net zero, which is why the results of the project will be shared across the industry. Visits have also been made by a range of Ofwat Innovation partners to experience first-hand the technologies and trials, and a shared roadmap has been created with our international partners.

During 2023, we increased our involvement with key sector and cross-sector working groups related to net zero, climate adaptation and circular infrastructure. Our Chief Executive is also a member of the Net Zero Council, a high-level forum for Government, business and finance leaders, co-chaired by the Energy Minister and Co-op Group Chief Executive, Shirine Khoury-Haq, to support broader industry efforts to cut emissions.

>68,000

customers consulted, in research which supported that customers are focused, in particular, on the impacts of climate change on future generations

RESILIENT TO OUR CHANGING CLIMATE CONTINUED

Our approach

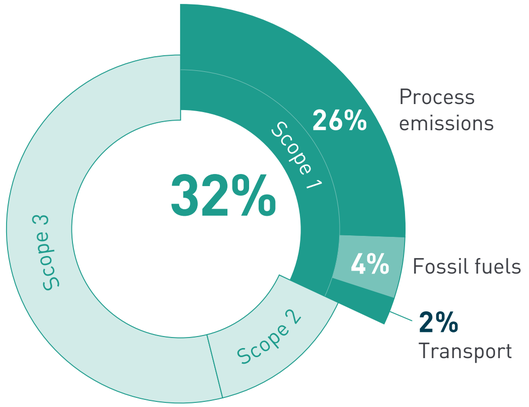
Achieving our plan is requiring us to re-think every aspect of our business processes and adopt new ways of working. Our approach is to follow the carbon hierarchy to achieve our 2030 targets:

REDUCE
Reduce our emissions

REPLACE
Replace fossil fuels, for example replacing natural gas with green energy

REMOVE
Remove carbon emissions, for example through carbon sequestration and insets from our landbank and assets

Steps to reduce Scope 1 emissions



The most significant part of our PR24 enhancement proposal to Ofwat for net zero investment relates to the reduction of nitrous oxide and methane emissions coming from our wastewater and sludge treatment processes. We anticipate that across AMP8 we can reduce our GHG emissions by 338ktCO_2e. This activity also incorporates planning our future resourcing and capabilities to ensure we have the skills and knowledge needed.

To inform this activity and measure our progress, during the year we improved our data by expanding our monitoring of process emissions at sites and increasing the collection of actual data of capital projects. This activity has identified new sources of emissions that we are now targeting. As the science and requirements of reporting standards and frameworks evolve, it's important to distinguish between changes in reporting methodology and actual data. We continue to improve the granularity and confidence of our data as we move from estimates to actual data as much as possible across all scopes of emissions.

Innovating to reduce process emissions

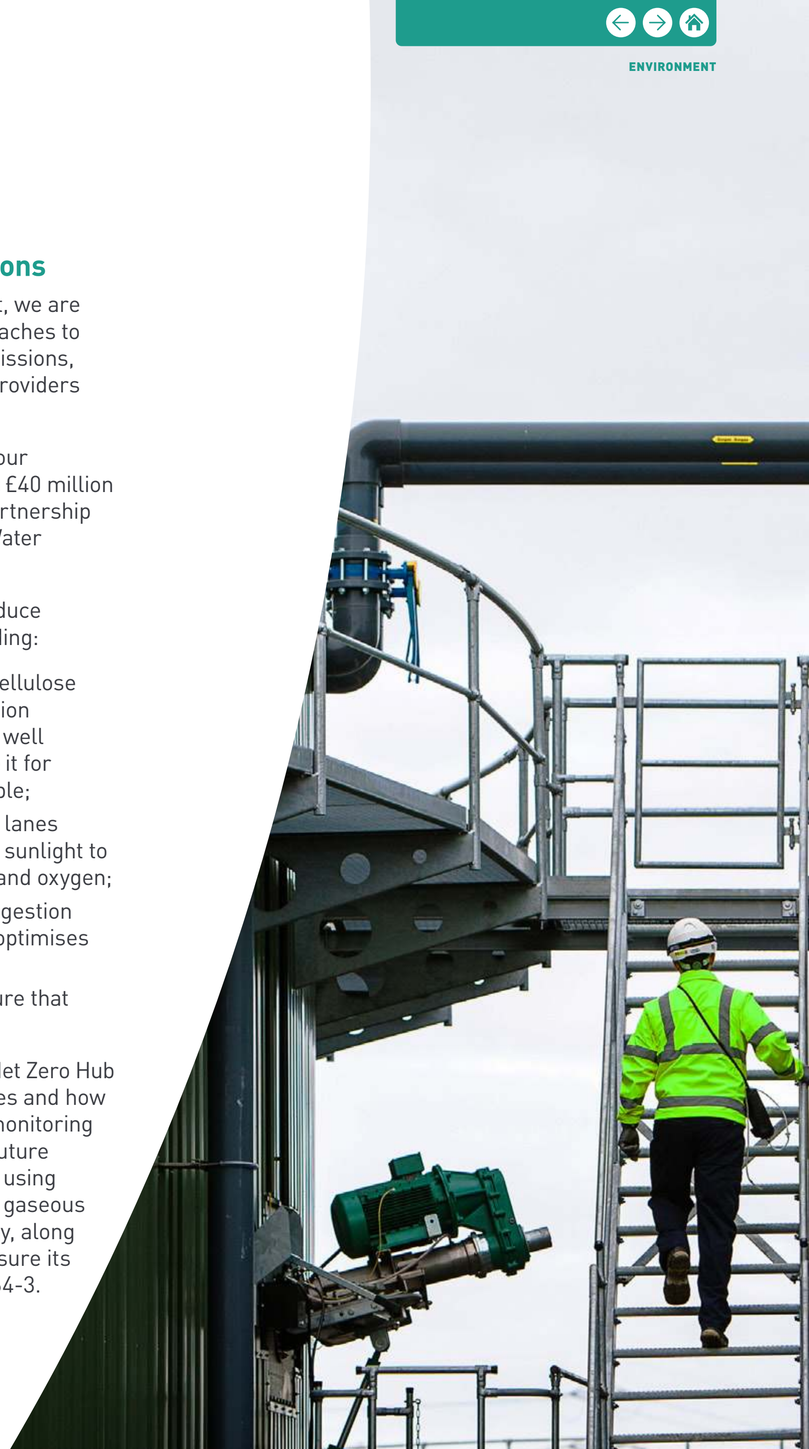
In order to achieve our ambitious net zero target, we are researching and implementing innovative approaches to optimise our solutions to reduce operational emissions, including working with academics, technology providers and international partners.

A good example of this is the transformation of our wastewater treatment works at Strongford. This £40 million project has involved an international net zero partnership with Aarhus Vand in Denmark and Melbourne Water in Australia, to create the Net Zero Hub.

The site will use a number of technologies to reduce operational process emissions at the site, including:

- **Cellulose recovery**: installing the UK's first cellulose recovery plant that reduces energy consumption and emissions downstream in the process as well as providing us with an opportunity to recycle it for use in construction and green fuels for example;
- **Actilayer**: covering the activated sludge plant lanes with the world's first catalytic cover that uses sunlight to convert nitrous oxide into harmless nitrogen and oxygen;
- **Sludge optimisation**: optimising the sludge digestion process by installing Ephyra technology that optimises the configuration of anaerobic digesters; and
- **Digital twin**: building a digital twin to make sure that all the technologies work together.

We are now commissioning technologies at the Net Zero Hub to prove the efficacy of the individual technologies and how they operate as a complete system. A detailed monitoring and testing programme is underway to enable future accreditation. As part of this monitoring, we are using sensor-based techniques to measure liquid and gaseous nitrous oxide production rates. This methodology, along with methane monitoring, is being verified to ensure its validity by the Carbon Trust in line with ISO 14064-3.



RESILIENT TO OUR CHANGING CLIMATE CONTINUED

Methane 'Find and Fix' Programme

Our most material sources of emissions are methane and nitrous oxide, both of which are potent GHGs that are released from our sewage and sludge treatment processes. Reducing methane from our biogas production facilities and nitrous oxide from wastewater treatment are key priorities and, in common with all water companies, a challenge in our path to net zero.

We have deployed learning from our successful 'Find and Fix' leakage programme that uses drone technology to identify leaks so that swift remedial action can be taken. Building on this success, we are using drones fitted with methane sensors to regularly survey all our bioresources sites and inform our methane emissions reduction activity.

Like water leaks, pressurised gas escapes where there is a route for it to do so. The sensors work by helping us to quickly and safely locate methane leaks and then undertake repairs promptly and efficiently to reduce methane losses. To date, all of our digester sites have been surveyed with the drone methane sensor to detect leaks, followed up with more detailed investigations using a handheld optical gas imaging camera.

To support this activity, we have also developed a live dashboard to show the status of leaks and repairs. This connects to a central log that categorises, prioritises and records all leaks, and also works to quantify the methane emissions associated with them.

We've recently installed fixed methane monitoring light detection and ranging ('LIDAR') systems at three of our large sites, creating a 24/7 CCTV-like system that alerts us to any leaks. The programme supports our robust health and safety systems.

Tackling on-site energy consumption

In common with all water companies, our business is an energy-intensive one. As such, energy consumption continues to be a priority focus for us, particularly as our energy usage increases when demand increases as a result of external conditions, such as sustained hot weather and/or exceptionally wet weather. During 2023, our energy consumption increased, in part due to the exceptional weather conditions outlined earlier in this report. Increased rainfall creates a larger volume of wastewater to pump around our network and into our treatment sites, which means we need to run our pumps for longer periods of time, increasing our energy consumption. Even after rainfall has stopped, elevated flows can remain for an extended period of time, which is particularly prevalent when catchments are saturated as a consequence of sustained rainfall over several weeks or months.

We continue our ongoing programme of energy efficiency and energy awareness across the Group. In 2023, we spent £2.4 million on energy efficiency projects, with a total of £36 million invested over the past nine years. This includes proactive maintenance of our energy-intensive assets, such as pumps and air blowers, and investment in improved controls and monitoring to reduce energy use. Our Energy Management Policy and Programme reflect best practice outlined in ISO 50001, the International Energy Management Standard. We also submitted our response to Phase 3 of the UK Government's Energy Savings Opportunity Scheme ('ESOS'), which has involved reporting on our total energy usage and looking for opportunities that cover 95% of our consumption; we'll work through the findings and build them into our plans wherever possible.

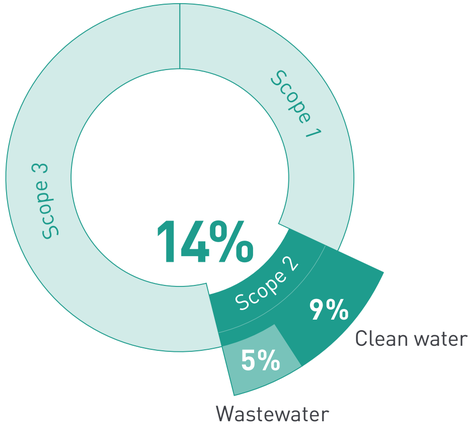
To continually measure and assess our progress, our consumption data is reported monthly, giving insight into business usage and identifying areas for additional focus. Our team of energy technicians promote energy awareness across the business, and identify and implement opportunities to reduce energy costs. This involves ongoing discussions throughout the organisation, particularly with our colleagues who are responsible for energy-intensive assets – such as asset owners, strategy teams, operators and maintainers – to promote learnings across the Group.

Aiming for 100% electric vehicle fleet

We are on track to achieve our near-term target of 100% EVs, where available, by 2030. To date, 69% of our car fleet is electric and 16% of our light commercial vehicle fleet is now electric. Ongoing challenges such as EV availability and immature EV innovation – such as low range capability – continue to impact our progress in reaching our overall EV goal. Additionally, our acquisition of Andigestion during the year, and the insourcing of our waste-infrastructure operational teams, has increased our fleet of diesel-powered heavy goods vehicles ('HGVs') by c.24% since we set our original target, therefore increasing the total number of vehicles we need to transition to a low-carbon HGV fleet.

RESILIENT TO OUR CHANGING CLIMATE CONTINUED

Progress to reduce our Scope 2 emissions

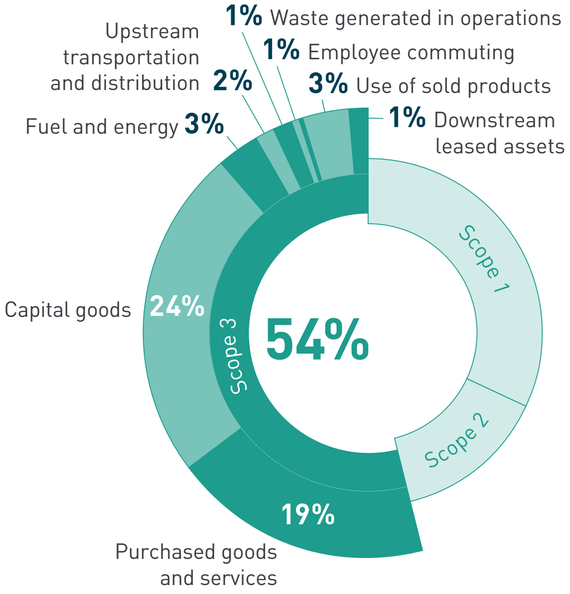


We continue to purchase renewable-backed electricity for all of our demand. We also continue to increase our own renewable energy generation, including a significant increase through our acquisition of Andigestion.

Generating renewable energy sources

During the year, Severn Trent Green Power acquired Andigestion, a commercial-scale anaerobic digestion business in the UK, to enhance our renewable energy generation capabilities. Andigestion operates three food waste anaerobic digestion plants located in Cornwall, Gloucestershire and Devon. The acquisition is expected to add 45 GWh per annum of energy generation to our Severn Trent Green Power business – an additional output of 16%.

The Scope 3 emissions challenge



You can read more about how we are progressing on our net zero targets in the Severn Trent Plc Annual Report and Accounts 2023/24.

Download to read more

The two biggest contributors to our Scope 3 emissions are capital and purchased goods and services, of which chemicals make up approximately 24%.

This is a key area of focus with our suppliers and you can read more on page 19

How we manage our capital carbon

Our capital carbon projects, or 'capital works', relate to infrastructure development to our network, such as constructing new treatment works and installing cross county pipelines ('transmission' pipelines) in our network, to improve services for customers and the environment, both now and over time. This type of essential construction work increases our capital carbon emissions, and we are incorporating the impacts of such activity into our project planning, design and delivery processes to inform our decision making and reduce our overall environmental impact.

We focus on reducing emissions during the 'cradle to build' phases of the majority of our capital projects. These are emissions associated with the extraction and production of materials, transport and the activities associated with the construction method, through to completion of construction and the products used during project construction. We are targeting improvements in two key ways:

- We are targeting a 15% reduction of total carbon (embodied + 20 years of operational carbon) during the initial design process and a further 15% reduction through later stages of our multi-stage design procedure.
- We have proposed a new regulatory incentive – an Outcome Delivery Incentive ('ODI') – on capital carbon, focused on improving and incentivising carbon reductions through our capital design (subject to regulatory approval).

The final carbon emissions are calculated after project completion to reflect the total carbon impact from the delivery of each project.

Data is an essential component of tackling emissions and, as such, improving our data has been a key area of focus during 2023 – we've been working with suppliers in our construction supply chain to capture and provide robust data. This is important to track emissions at project level and also increase our understanding of carbon hotspots and how the carbon impact changes over a project's lifecycle.

These calculations form part of our third-party assurance process for our end of year GHG reporting. In line with our culture of continuous improvement, our capital carbon tools are continually refined and improved to provide detailed analysis of our supply chain's data. To support this, we have established key performance indicators ('KPIs') with contractors on carbon reduction, ranging from material selection and manufacturer sourcing to technology selection, design optimisation, transport, build technique and on-site construction fuels.

RESILIENT TO OUR CHANGING CLIMATE CONTINUED

Supporting suppliers to reduce emissions

Working in partnership with suppliers is central to reducing our capital carbon emissions. Engagement with both internal and external stakeholders helps to deepen our understanding of alternative design options and the associated capital carbon impact. It also means that teams can better understand the carbon consequences of design decisions. To support this activity, we offer training and development sessions and encourage our capital suppliers to utilise innovative low-carbon products, methods and solutions to present to our design teams. Recent examples include 'lunch and learn' sessions with a pipeline supplier who demonstrated low-carbon techniques and practices, as well as manufacturers of low-carbon products, including concrete and steel reinforcement, who discussed the benefits of these materials.

70%

Our supplier engagement target is to ensure that 70% of our suppliers, by emissions, will have their own SBT by 2026

58%

of our suppliers have now set a SBT and we are on track to meet the 2026 target

Progressing supplier engagement

Collaborative engagement with our suppliers is critical to achieving success in reducing our impact, and for the second year running we are pleased to have been recognised as CDP Supplier Engagement Leaders.

We have made good progress on our supplier engagement target of ensuring that 70% of our suppliers, by emissions, will have their own SBT by 2026. A total of 58% of our suppliers have now set SBT and we are on track to meet the 2026 target if we don't see any adverse changes to our supply chain profile.

The next phase of delivery will be challenging as we seek to engage with a larger volume of suppliers at varying levels of maturity in relation to tackling and reducing carbon emissions. This can range from understanding and documenting their emissions, to building their capability to reduce emissions. Through focused engagement, the development of tools and resources, and continuing our partnership with the Supply Chain Sustainability School to deliver training, we remain committed to working with our supply chain to reduce our collective impact.

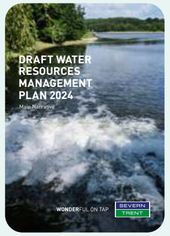
We are in the early stages of trialling commercial mechanisms that aim to incentivise supplier sustainability performance and inform business outcomes; ensuring we encourage commercial decision making that is also sustainability led.

ENSURING A SUSTAINABLE WATER CYCLE

Water resources for the future

As a company taking care of one of life's essentials, we provide clean water and wastewater services to millions of people across the region. A growing population, increasing weather extremes – such as extended periods of hot weather – and environmental pressures mean that we must find innovative ways to access enough raw water to supply everyone, while safeguarding nature and the environment.

Our Draft Water Resources Management Plan ('WRMP') details how we intend to provide affordable water to our customers for the next 25 years and beyond.



Download to read more

Our water solutions in action

The environment within which we operate is continually evolving and changing. The population we serve is predicted to increase by 12% to nine million people by 2050, representing the third fastest regional growth in the UK. If no action is taken, the effect of more people and households, and increased urbanisation associated with population growth, is likely to increase demand for water by 130 Ml/d. Our priority is to ensure water is always available when our customers need it, so we are investing significantly in more sustainable water supplies and adopting a range of demand management measures to ensure we can continue to meet peak demand for our customers.

Working in partnership on water sourcing

By the end of 2050, water companies across the UK will need to find another 1.1 billion litres a day to satisfy customer needs. Increases in industry, power generation and farming, alongside other sectors, will see water demand grow by around 100 Ml/d. Just over half of the water we need by 2050 can be secured by reducing leakage and through demand management activity, for example by reducing the amount of treated water that is needed.

On leakage, we have invested significantly to reduce leaks in our network, and this is reflected in us achieving our lowest ever annual leakage level of 380.7 Ml/d. We are on track to achieve our commitment to reduce leakage by 15% by 2025 and by 50% by 2045. Our engagement with customers on reducing their water usage focuses on water efficiency to reduce household consumption – customers are currently using about 126 litres per person per day. At the heart of our demand management approach is working with our customers as partners, giving them the motivation and means to make sustainable demand reductions for the long term.

If the UK is to meet its future water demand, usage will have to reduce to 110 litres per person per day by 2050. Our proactive action planning for extended periods of hot weather will help meet a large portion of this need. The rest will need to come from new water sources or water transfers. Severn Trent needs to find over 200 Ml/d from such solutions, and as a member of Water Resources West, we are working with partners to produce an integrated strategy for water resources in our region[1].

Outside of our region, the southeast of England will potentially require an additional 1,765 Ml/d of public water supply between 2025 and 2050 – that's equivalent to more than 700 Olympic-sized swimming pools every day. We have been working in partnership with Affinity Water and the Canal & River Trust, to explore ways of transferring excess recycled water to the southeast of England via the Grand Union Canal.

You can read more about this activity on page 22

15%

The leakage reduction percentage we are committed to achieving by 2025

110 L

The amount water usage will need to reduce per person per day to meet future demands

Green Recovery: Witches Oak

To help secure our water supplies for the future, we are building a new water treatment works in Derbyshire. Construction is progressing well and is scheduled to be complete by Spring 2025. The project remains on track, with the main structures complete and mechanical and electrical installation underway. This is a significant investment that will improve our services for customers both now and over time. When complete, the new works will increase water supplies by up to 93 Ml/d using low-carbon impact treatment processes.

To read more about our Green Recovery programme click here

1 Water Resources West Draft Regional Plan https://waterresourceswest.co.uk/draftplandocuments

ENSURING A SUSTAINABLE WATER CYCLE CONTINUED

A new Nottinghamshire pipeline to boost water supplies

Work has started on our new £32 million pipeline in Nottinghamshire which, when finished in two years' time, will provide up to an extra 25 Ml/d to the county.

The pipeline – which is slightly wider in diameter than a bicycle wheel – links the Derwent Valley Aqueduct to Strelley Reservoir west of Nottingham, and Redhill Reservoir northeast of the city. The pipeline will secure a continuous supply of water to thousands of households in the region, helping to meet future changes in demand driven by population growth and warmer weather, whilst also facilitating a localised reduction in groundwater abstraction, ensuring our activity is sustainable and does not negatively impact the environment.

We are delivering this transformative solution with Avove, a utilities infrastructure company, and have jointly identified opportunities to improve biodiversity along the pipeline route whilst minimising the impact on the local community.

Using water wisely

Leakage is an area that our customers and communities tell us is important to them. When perceived as an unnecessary waste of our precious resources, it can be a barrier to engaging with customers on water efficiency. As outlined on page 20, we have made excellent progress with our leakage ambitions, which is reflected in our positive interactions with customers on water efficiency. To drive further improvements in our leakage performance, we are using innovative approaches to support our 'Find and Fix' activities, for example through using drones to identify previously undetectable leaks. During the year, we also insourced pipe-laying teams to renew and repair our mains pipes, which will support us in delivering our mains renewal programme and reducing leakage, with less reliance on our external supply chain.

In 2023, we received approval from Ofwat for the Department for Environment, Food and Rural Affairs ('Defra') acceleration funding to increase the number of smart meters in customers' homes across our region. Smart meters enable us to proactively identify potential leaks, mitigating risks to customers' properties and, crucially, helping customers to save money on their water bills, all whilst reducing our overall level of leakage. We have accelerated our activity this year, with over 111,000 smart meters installed to date as part of our Green Recovery Smart Metering Programme, we are on track to achieve our target of installing over 157,000 meters by the end of the current AMP. Our AMP8 Plan includes investment to support roll-out of more than one million smart meters in homes and businesses across our region, subject to the approval of our Plan by Ofwat.

Our exciting new partnership with Kraken Technologies, announced in October 2023, will also support our leakage ambitions, enabling our teams to spend more time providing quality advice and support to our customers; helping them to make smarter decisions around water use, reducing their bills and supporting our plan to reduce household water consumption.

Managing demand during extended hot weather

By 2050, summers in the Midlands will be on average 2.6°C warmer than today, with 16% less rainfall. To ensure that our service remains resilient in the face of climate change challenges, we must find innovative ways to provide a continuous supply of drinking water to our customers during periods of extended hot weather and support them to reduce water usage. Our 2022-27 Drought Plan addresses the known and expected pressures on our future water supplies. It sets out how we will manage our resources and supply system during dry and drought years, whilst balancing the interests of our customers, the environment and wider society.

Our Drought Plan details how we monitor indicators such as reservoir storage and river flows to gain an early insight into developing drought conditions, to enable us to take proactive action to manage our water resources and ensure sustainable supplies. To support this activity, we will work with our customers to reduce demand by increasing distribution of water saving devices to customers or abstracting and/or discharging water in different ways.

During periods of extended hot weather, and also outside of the hot summer months, we keep in regular contact with our customers through a range of channels, including social media, text messages, emails and other sources to provide water saving ideas and to thank them for their contribution to water efficiency.

Our customers and stakeholders have told us that they want us to reduce leakage – so it's great to be able to make good progress in an area that's so important to them.

Our smart metering programme will also tie in with our new Kraken customer system, which means a better customer experience all round. It's great to know that the work we've done will contribute towards setting our business up for the long term, as well as protecting the needs of our customers and the environment, both now and in the future.

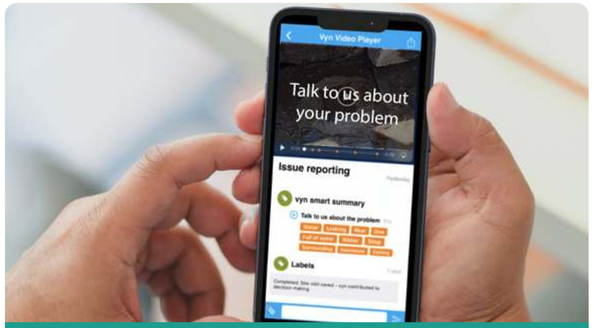
Thomas Barden
Strategic Asset Planning Lead,
Severn Trent

ENSURING A SUSTAINABLE WATER CYCLE CONTINUED

Drone team spotting leaks from the sky

Our Drone Team is helping detect leaks earlier from the skies using the latest technology to help customers and the environment. Our flying fleet of drones, which photograph and map our sites including reservoirs and treatment works, are fitted with thermal imaging equipment, which can detect drops in temperature on the land below – indicating a below-ground water leak. Drones are regularly used in live leak scenarios to determine what extra resources or repairs are needed on-site and ensure a rapid resolution.

In urban areas, drones are used to quickly map bursts and relay information (such as pictures and videos) to our Incident Team to support decision making and equipment prioritisation.



Our customers save one million litres of water by videoing leaks with Vyn

Leaks in the home can add hundreds to a yearly water bill. Our free Video Your Notes ('Vyn') platform provides a new way for customers to contact us – by sending videos of issues such as leaking pipes, dripping taps and leaky loos from their mobile phone to one of our engineers.

We arrange to come and fix it or, if it is a private issue, put them in touch with an accredited plumber in the area. Since April 2023, customers have saved the equivalent of more than 3,300 full baths of water using Vyn.

SPOTLIGHT PARTNERSHIP
Clean water supplies transferred on the Grand Union Canal

Severn Trent, Affinity Water and the Canal & River Trust are working together to develop the Grand Union Canal Transfer, which will secure future water supplies, protect the environment and deliver enjoyment opportunities for local communities.

The canal network has transported people and goods for over a century, and we now want to use it to help transfer clean, recycled water from the Midlands to the water stressed South East. Our water supply is under increasing pressure from population growth, urbanisation and climate change. This project is key to delivering a sustainable and reliable water supply for the future.

Starting at our wastewater treatment works in Birmingham, water will flow via a new pipeline into the Coventry Canal at Atherstone, where it will then begin a journey of approximately 100km along the Oxford and Grand Union Canals. Water will be helped on its way by reusing existing equipment along the canals, as well as installing some new pumps and pipes. The water will then be channelled into a new water treatment works near Leighton Buzzard, before being transferred as clean drinking water into Affinity Water's supply for customers.

This innovative, collaborative project will deliver a sustainable and reliable water supply for future generations.

ENHANCING OUR NATURAL ENVIRONMENT

Thinking about our impact on nature

The impact we have on nature and biodiversity is a key area of focus for us. Our ambition to protect and enhance our environment forms a significant part of our proposed £12.9 billion investment in AMP8. We're investing more than £3 billion into water and wastewater improvements, biodiversity and ecology projects, catchment management and forestry initiatives.

During AMP7, we have invested £320 million in environmental sustainability work, of which £107 million is related to enhancing nature – including biodiversity, river water improvements, pollution reduction and catchment management. We're already seeing the positive impacts of this investment across our region.

Our biodiversity targets

We are on track to achieve our biodiversity targets:

- Our target was to improve 5,000 hectares of land by 2027. By the end of 2023, we already surpassed this goal, by improving 7,727 hectares. We have now expanded and accelerated the original target by committing to improve 10,000 hectares of land by 2025.
- Our target is to restore 2,000 acres of peatland by 2025. As of April 2024, more than 1,000 acres have been restored.
- Our target is to complete an audit of 100 sites over a year. As of April 2024, 77 sites have been audited and the remaining 23 will be delivered in 2024. To date, we have completed 197 site audits.

Own Land – Habitat	New hectares delivered this year	Maintained hectares
Woodland	39.26	**334.4**
Grassland	8.3	**29.2**
Scrub	10.6	**20.1**
Reed	6.8	

£3 billion

to be invested into water and wastewater improvements, biodiversity and ecology projects, catchment management and forestry initiatives

Enhancing nature by assessing our natural capital

Nature underpins all of our lives and the broader economy. To bring this to life, the total annual value of ecosystem services in England was estimated at £35.7 billion in 2020, but nature is in decline and its contributions aren't always visible. A natural capital approach aims to address this by considering the natural assets in a place and the functions provided by local ecosystems. These ecosystem functions or services are wide ranging and can include: direct provision of products such as water, energy or crops; processes that regulate or support the environment by, for example, removing pollutants; or community enjoyment activities such as providing a location for recreation or learning.

A natural capital account for a place quantifies the type and quality of natural resources found there at a specific time, as well as the benefits associated with defined ecosystem services. This information can be used to establish a baseline for a place, assess how activities may affect this baseline, and determine future prioritisation and planning.

Our work in this area is still evolving. We are committed to improving in line with best practice to deepen our understanding of our impacts and dependences on nature in the region that we serve.

Natural capital accounting for Severn Trent Water and Hafren Dyfrdwy

In this year's report, we present our first natural capital account for the land owned by Severn Trent Water and Hafren Dyfrdwy. This is an important first step towards building our natural capital accounts. A natural capital account only ever presents a partial value of nature as it's almost impossible to comprehensively consider all of nature's benefits. As our current natural capital account is limited to our landholding, it excludes the impacts of our operations, which extend beyond the land we own and can be negative as well as positive.

We have conducted a materiality assessment in line with the British Standard for Natural Capital Accounting for Organisations (BS 8632:2021) to help us to reliably identify impacts material to nature and/or our business. This identified several ecosystem services, such as agriculture, water quality and biodiversity, for which we don't yet have appropriate data or sufficiently rigorous methods to enable us to quantify their impacts. We haven't been able to include these ecosystem services in this year's account, but will work to include further ecosystem services in future reports.

The account covers a combined estate exceeding 20,000 hectares, with enclosed farmland, moorland, woodland and grassland as the most prevalent habitats. Much of our land is protected on account of its biological importance. While more than half of the land owned by Hafren Dyfrdwy is protected and currently in an unfavourable condition, this will be addressed by work including our peatland restoration programme at Lake Vyrnwy (described in more detail on page 27), which will bring associated biodiversity, carbon and flood protection benefits.

We have quantified our landholdings provision of water and timber and the value that holds for our business, as well as the value to society provided by climate regulation, air quality improvement and flood protection. Our land also delivers significant value to society as a place for recreation, exercise and volunteering. Our methodology for quantifying benefits and their monetised value aligns with Defra's Enabling a Natural Capital Approach guidance and will be published in full on our website in late 2024.

Building on this initial view, we will publish a natural capital account at least once every five years, enabling us to track change and demonstrate the effectiveness of our land management and investment decisions. Embedding a natural capital approach more generally will enable us to contribute to the protection of nature within our region.

ENHANCING OUR NATURAL ENVIRONMENT CONTINUED

Summary of natural assets within our landholding

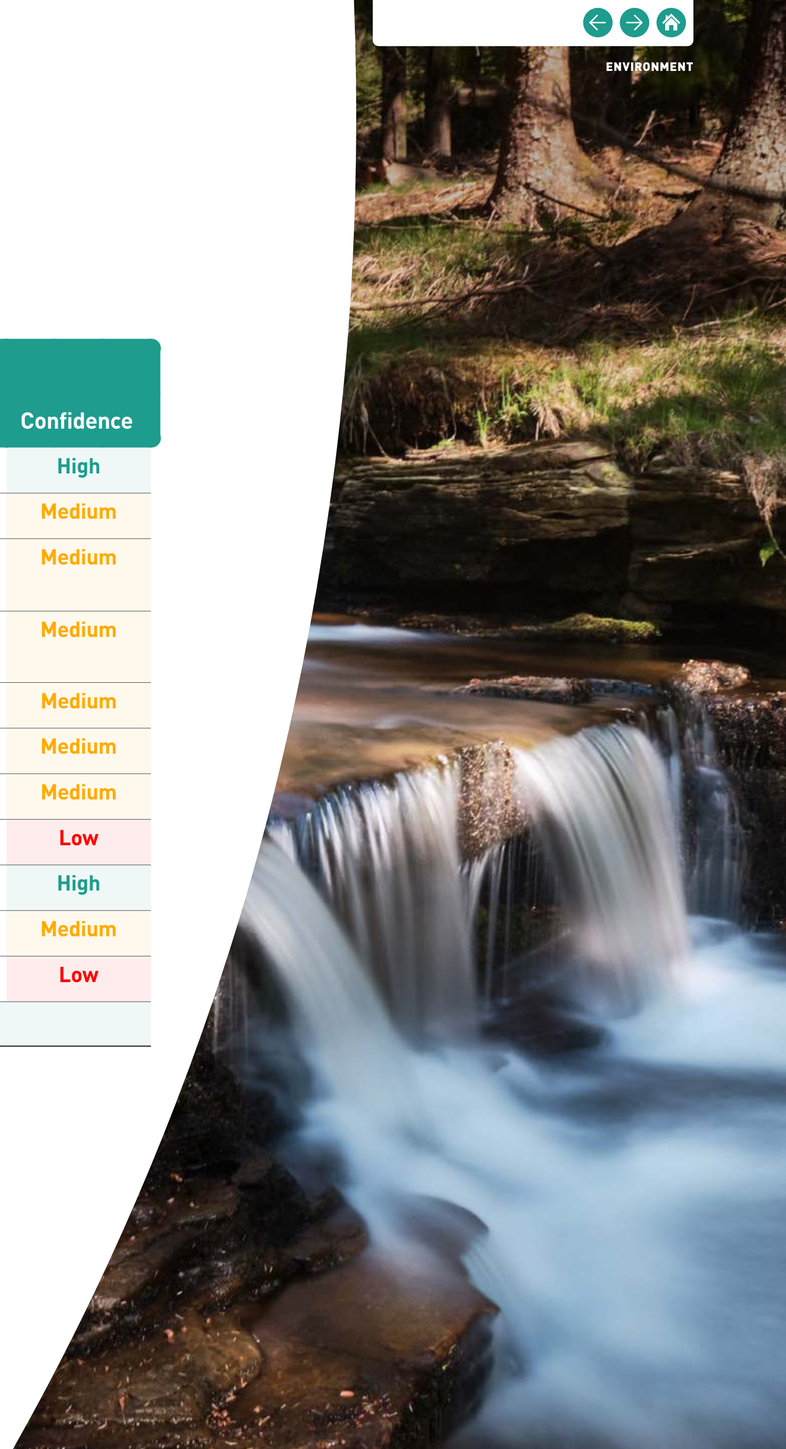
A natural asset register including land cover, area within protected sites and condition of Sites of Special Scientific Interest ('SSSIs').

Category	Sub-category	Landholding area by company hectares ('ha')	
		Severn Trent Water	Hafren Dyfrdwy
Broad habitat (UKNEA)	Enclosed farmland	4,732	464
	Freshwater	1,853	710
	Mountain, moor and heath	115	4,859
	Semi-natural grassland	580	1,857
	Urban	848	7
	Woodland	1,809	2,107
	Not reported	94	181
	Total	**10,031**	**10,185**
Protected sites	Special Protection Areas	68	5,954
	SSSIs	501	5,966
	RAMSAR	0	0
	Special Areas of Conservation	74	5,233
	National Nature Reserves	3	4,293
	Total (non-additive)	**501**	**5,986**
SSSI condition	Favourable	36	0
	Unfavourable recovering	236	–
	Unfavourable, no change	90	–
	Unfavourable, declining	122	–
	Unfavourable	–	5,966
	Part destroyed	0	–
	Destroyed	17	0
	Total	**501**	**5,966**

ENHANCING OUR NATURAL ENVIRONMENT CONTINUED

Summary of quantified benefits provided by our land

Ecosystem service	Measure (unit)	Average unit/year	Valuation metric	Value to Severn Trent Plc (NPV100, £m)	Value to rest of society (NPV100, £m)	Confidence
Timber	Volume of timber removed (m^3/yr)	24,909	Stumpage price	22.52		High
Water supply	Volume of water abstracted from our reservoirs (m^3/yr)	245,343,423	Resource rent	130.12		Medium
Climate regulation	Carbon sequestered, net position (tonnes CO_2e/yr)	4,396	Abatement cost		57.84	Medium
Air quality	Volume of particulate matter removed (tonnes PM2.5/year)	27	Avoided costs plus welfare value		54.23	Medium
	Volume of sulphur dioxide removed (tonnes SO_2/year)	31	Avoided costs plus welfare value		0.05	Medium
	Volume of nitrogen dioxide removed (tonnes NO_2/year)	16	Avoided costs plus welfare value		0.47	Medium
	Volume of ozone removed (tonnes O_3/year)	976	Avoided costs plus welfare value		3.64	Medium
Flood protection	Volume of potential flood storage by woodlands (m^3/yr)	647,282	Avoided costs		9.51	Low
Recreation	Number of visits to open spaces (visits/yr)	4,048,701	Welfare value		450.32	High
Physical activity	Number of active visits to open spaces (visits/yr)	2,085,081	Avoided costs		227.49	Medium
Volunteering	Number of volunteering days (days/yr)	2,003	Avoided costs plus welfare value	4.73	5.76	Low
Total				**157.37**	**809.31**	



ENHANCING OUR NATURAL ENVIRONMENT CONTINUED

Restoring and protecting biodiversity

Our Biodiversity Strategy and Action Plan

We seek to manage and reduce the impact of our operations on biodiversity; protect and enhance biodiversity on our own land and invest in conservation partnerships and nature-based solutions to support our biodiversity aims. Our Biodiversity Strategy sets out how we will safeguard and enhance key habitats and species with the goal of limiting our potential impact on ecosystems, including rivers, streams and sensitive habitats on land and invest in 'nature-based' solutions to improve the quality of water catchments.

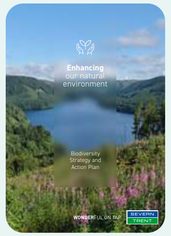
In common with all water companies, our core activities – providing clean water, and removing and treating wastewater – have implications for the natural environment on which we depend. Our Biodiversity Strategy focuses on three areas of our operations to minimise risks:

Water abstraction – reducing the risk of damaging ecosystems in delivering our essential services, through abstracting water in the right places, and at sustainable levels, in line with our permits.

Preventing pollutions – particularly in periods of sustained, heavy rainfall or due to blockages.

Groundwork and construction operations – reducing risks associated with new infrastructure and maintenance in or near sensitive habitats.

Read more on our strategy in these three documents:



Biodiversity Strategy and Action Plan

Download to read more

Protecting and Enhancing Sites of Special Scientific Interest

Download to read more

Our Approach to Championing Pollinators

Download to read more

Biodiversity net gain ('BNG')

BNG is an approach to development or land management that aims to leave the natural environment in a better state than it was beforehand. It can be achieved on-site, off-site or through a combination of both and is mandated by local councils in the UK via the Environment Act 2021. We have committed to a minimum of 15% BNG on all capital projects that require a preliminary ecological appraisal – this goes beyond the statutory 10% additional BNG requirement.

To support this activity, projects are generally planned with local partners, aiming to deliver long-term resilience and a more joined-up network of biodiversity improvements. Innovation also forms a key part of our approach, such as the use of satellite imagery and remote sensing to inform BNG or natural capital surveys of our whole estate. We also have a suite of detailed data that tracks our BNG compliance and other ecological considerations as a metric in project management.

During 2023, we focused on understanding what habitats and species we have on our own, rather than third-party, sites. We've used biodiversity audits to identify what native species are present, supported by Biodiversity Action Plans ('BAPs') conducted by the Wildlife Trusts and consultant ecologists to produce detailed surveys and management plans for the sites. They assess features such as invasive species, indicator plants, protected species, invertebrate habitats, pollinators and overall site condition. To date, we've completed 197 site audits.

Sites of Special Scientific Interest

A 'SSSI' designation gives a site legal protection from detrimental activities as well as restrictions on how the site is managed. We own and manage approximately 500 hectares of land designated as SSSIs, distributed across 50 sites in England. In addition to our own sites, there are over 720 SSSIs within the Severn Trent Water Limited boundary. Many of these have the potential to be impacted by our operations and land management. We have robust management plans in place and consented work programmes for all Severn Trent landholdings with SSSI designations.

Our dedicated Biodiversity and Ecology Team has been working alongside other areas of the business to put in place measures and processes to reduce our operational risk on SSSIs. As part of site management plans, we've also installed sand martin banks at Cropston and Swithland SSSIs this year to support sand martins in our region. Sand martins are birds that are common visitors to the UK between March and October. They bury themselves in sand along river banks, yet a heavy downpour of rain can wash away the sand, threatening their chicks' survival. Working with volunteers, we're providing a safe haven for this breed to thrive. Estimates so far show that we should be seeing 2,000 or more sand martin chicks emerging from these banks every year.

2,000+

Sand martin chicks should be emerging from sand martin banks we've helped install every year according to estimates

ENHANCING OUR NATURAL ENVIRONMENT CONTINUED

Our Pollinator Strategy

Our Pollinator Strategy involves working with environmental non-governmental organisations ('NGOs') to broaden our influence beyond just our land ownership – through boosting biodiversity and habitat interventions. We have also implemented actions on our own sites to reduce chemical use. For example, we have implemented a mowing regime in the tree planting area at Crankley Point wastewater treatment works to manage nettle regrowth before the trees have developed a canopy. We've also used eco plugs to tackle rhododendron as a mitigation measure near reservoirs.

We have adopted a grassland management programme on priority sites, focusing on either creating or improving meadow grasslands – an important habitat for pollinators. Grassland improvement activities include creation of wildflower meadows through sowing seed mixes, improving mowing regimes and other general maintenance, and reducing or preventing herbicide use.

We have a three-year partnership with Butterfly Conservation to improve the breeding habitats needed for pollinators. This project is on track to deliver 121 hectares of biodiversity by mid-2024. The project collates data from butterfly surveys that informs the type and scale of habitat interventions on each Butterfly Conservation owned or managed site. Different pollinator species do not necessarily need the same nectar or pollen source, so identifying what's already there, or has historically been there, can help target interventions to deliver maximum impact. The project will also support pollinator population recovery and support pollinator expansion into new areas.

Collaborating with Buglife on pollination

Our partnership with Buglife will implement connectivity mapping to inform our own pollinator projects.

This connectivity mapping, called B-Lines, helps to create a series of 'insect pathways' through our countryside and towns, along which we are restoring and creating a series of wildflower-rich habitat stepping stones.

These pathways link existing wildlife habitats to create a network that will weave across the UK landscape and provide large areas of new habitats for bees, butterflies and a host of other wildlife.

We also fund a project with Buglife to create pollinator habitats in key B-Line priority sites. We're investing more than £40,000 to create c.40 hectares of improved habitat for pollinators by working with landowners in the B-Line areas.

Nottinghamshire Wildlife Trust

Since 2020 we've been running a wide range of projects with Nottinghamshire Wildlife Trust. These include exciting new projects such as the beaver release project at the Idle Valley Nature Reserve and landowner grant schemes in identified farmed landscapes to increase the connectivity of habitats at landscape scale.

Overall, we have managed to improve over 600 hectares through our partnership with Nottinghamshire Wildlife Trust with over £500,000 of funding.

The projects focus on improving natural wetlands and wet meadows to help provide diverse habitats and prevent flooding. There is also species-specific work such as the reintroduction of beavers and, most recently, water voles to watercourses.

Restoring peat bogs at Lake Vyrnwy in Wales

The Lake Vyrnwy estate in Wales consists of more than 10,000 hectares of uplands, farmland and forest, and has 200,000 visitors annually. It is owned by Hafren Dyfrdwy, our Welsh regulated water company.

Over time, Vyrnwy's blanket bog has degraded as a consequence of grazing, afforestation and agriculture. Hafren Dyfrdwy and the Royal Society for the Protection of Birds ('RSPB') have been working together to restore all of Vyrnwy's blanket bog to naturally functioning ecosystems, which will also drive down carbon emissions from the landscape.

The peatland restoration programme includes more than 1,500 hectares of blanket bog. To date, almost 1,000 hectares of the bog has been restored. We are sharing the learnings of this activity with the local community to engage people with this vital and valuable natural heritage.

ENHANCING OUR NATURAL ENVIRONMENT CONTINUED

Protecting and improving water quality is critical to the role we play in protecting and enhancing our environment, from managing catchments to enhancing biodiversity. Whether we're volunteering with a community to improve its local environment or working to reduce the carbon impact of our operations, there is an opportunity to do the right thing for nature in everything we do.

Jason Rogers
Head of Water Quality and Environment, Severn Trent

Collaborating to boost biodiversity

We have more than 200 partnership projects (including Boost for Biodiversity and grant schemes). We have 124 partners including small-scale community groups and environmental NGOs. Between 2020-23, we invested more than £9 million in partnership projects and will invest a further £4.7 million by the end of 2024.

Our partnership projects continue to help natural communities thrive, creating new habitats and reintroducing species to our region. By 2030, we will have established new habitats across the Midlands for native species of wildlife, including great crested newts, otters and cuckoos.

Nature-based solutions and conservation partnerships

We have understood the benefits of nature-based solutions for many years – the landscapes in our catchments form an essential part of our services through the role they play in capturing and filtering water. In recent years we have built on this knowledge and increased our catchment management approach, whilst delivering other benefits for our customers and communities.

To extend our impact, we have used strategic partnerships. For grant scheme work, we use the contacts our agricultural advisers have in a region, and we advertise for local community groups and other household environmental NGOs to join us. Together, we are expanding nature-based water treatment through creating wetlands, investing in sustainable drainage systems and carrying out major programmes of tree planting and meadow restoration – all working with nature to reduce runoff and flooding, filter water, capture carbon, enhance biodiversity and provide public benefit.

124 partners
Including small-scale community groups and environmental NGOs

>£9 million
Invested in partnership projects since 2020 and will invest a further £4.7m by the end of 2024

2030
By 2030, we will have established new habitats across the Midlands for native species of wildlife

ENHANCING OUR NATURAL ENVIRONMENT CONTINUED

SPOTLIGHT PARTNERSHIP: PLANS IN THE PIPELINE

Severn Trent and the Nature for Water Facility: Joining forces to boost the Warwickshire Avon

The Warwickshire Avon catchment covers over 2,000 km^2 from Rugby to Evesham and faces many challenges when it comes to meeting good ecological status and managing flood risk.

We have worked with the Warwickshire Wildlife Trust to set up a consortium, including the Environment Agency and Warwickshire County Council, to secure a Nature for Water Sponsored Project against a high level of competition from global applicants.

The consortium aims to develop a Watershed Investment Program ('WIP') that pioneers a collaborative partnership model in the Warwickshire Avon. Its vision is to implement a coordinated catchment-based approach that scales up funding for nature-based solutions to address water and nature-related risks.

The Nature for Water Team is supporting the consortium with assessing the feasibility of such an approach and is investigating the business case for investing in nature-based solutions.

The consortium aims to establish an investable pipeline of future projects for nature which will secure water resources, manage flood risk and improve river quality. The team is engaging with developers, land owners and businesses to develop a catchment scale analysis of opportunities for nature-based solutions through partnership working.

Witches Oak Wetlands – a first for nature-based raw water pre-treatment

Traditional raw water treatment methods include multi-stage chemical, physical and biological stages. Our goal at Witches Oak was to design wetlands that would reduce chemical use, carbon impact, and residual waste and treatment works' operational costs that are a standard part of water treatment before it is put into supply.

Our floating wetlands project at Witches Oak is a good example of a larger-scale approach to using low-carbon impact treatment processes, and sharing our knowledge with other water companies, to support the sector's aim to be net zero by 2030. This project involves building a new water treatment works which will increase water supplies by up to 93 Ml/d – enough to serve a city the size of Derby. In addition, our work to achieve this will increase the biodiversity of 46 hectares of habitat at our Witches Oak site.

Our 31 floating wetlands were completed ahead of schedule. The floating wetlands biologically pre-treat the raw water before we abstract it, reducing the amount of traditional treatment required. We also completed our innovative Ceramic Membrane Pilot Plant in December 2022 and it has been in operation over the last year, collecting critical data to support our work towards reducing our carbon impact. We will share data with the wider sector to benefit all customers and communities.

This is the first time floating treatment wetlands have been deployed as raw water pre-treatment anywhere in the UK. Using nature-based solutions such as this to help reduce our reliance on chemicals and traditional treatment methodologies will also drive down operational costs and carbon emissions and enhance and improve the biodiversity of the site as a by-product.

To read more about our Green Recovery programme click here

ENHANCING OUR NATURAL ENVIRONMENT CONTINUED

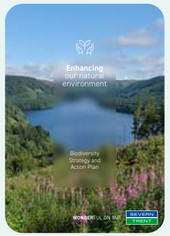
Enhancing nature through trees

Trees and forestry

By the end of this planting season we will have planted almost 119,000 trees, bringing our AMP7 total to over 823,000. We are planning on planting over 285,600 trees in the 2024/25 planting season, and remain on track to plant one million trees by 2025 and 1.3 million trees by 2027.

Many of the trees we have planted to date have been sourced from Alba Nurseries, which uses UK grown stock and holds the required Plant Healthy certification. We have also used Crowders, which also uses UK stock and is Plant Healthy certified.

Read more in our Biodiversity Strategy and Action Plan



Download to read more

Over 823,000
trees planted for this AMP

73 Tiny Forests
planted in partnership with Earthwatch Europe across our region

Legacy Forests project: Our Commonwealth Games pledge

It's almost two years since the Birmingham Commonwealth Games ended in August 2022 – with an ambition to create a carbon neutral legacy. We remain committed to creating 2,022 acres of legacy forests which, over time, will offset 201,000 tonnes of carbon.

To date, we've planted 601 acres of trees over 23 sites. We will be planting a further 175 acres and, for the 2024/25 planting season, we have secured 179 acres, which will mean we will be close to 40% of our goal.

Sourcing land suitable for planting has been challenging: for example, around 72% of land opportunities identified for our Commonwealth Games pledge was unable to be planted due to factors such as protected or priority habitats, existing tree cover, utilities under the ground or other features. Our current forecast is to have 992 acres planted by early 2025, and we continue to search for land and alternative opportunities in line with our commitments to the Commonwealth Games.

Tiny Forest update

In addition to the Commonwealth Games Legacy Forests, we planted 73 Tiny Forests in partnership with Earthwatch Europe across our region, each representing a competing nation or territory in the Commonwealth Games. In addition to providing shade in hot weather and reducing noise pollution, these green spaces provide multiple community enjoyment benefits. Our Tiny Forests continue to thrive, however vandalism has proven to be a challenge in some community-based locations. In some locations we continue to encourage people to get involved as Tree Keepers to help with the care of the Tiny Forests in their communities.

EXTRACTING VALUE FROM WASTE

Promoting a circular economy

Exploring opportunities to extract value from our resources is fundamental to our long-term success. We pursue innovations that create value through energy production and circular economy initiatives as set out below.

Energy from bioresources

A by-product of our waste treatment processes is sewage sludge – which we refer to as bioresources because of the opportunity it presents for resource recovery. We treat over 200,000 dry tonnes of sewage sludge (four million wet tonnes) every year and extract value from this wherever possible. We treat this through anaerobic digestion of the sludge at 25 separate sites. At our four largest facilities this is supplemented by a thermal hydrolysis process, which increases the energy generation and biosolids quality we can achieve.

The biogas which results from anaerobic digestion is then used to generate renewable electricity (combined heat and power gas) or is upgraded to biomethane and injected into the gas grid. The digested sludge is recycled to agricultural land, providing the soil with nutrients and organic matter.

Last year, we recycled over 500,000 wet tonnes of this material to farmers in and around the Severn Trent region. This circular by-product also has significant potential to reduce our emissions, in line with achieving net zero. We are exploring how we might recover phosphorus and nitrogen-rich materials and how we can expand our advances in anaerobic digestion to increase the amount of renewable energy we can provide.

Producing Green Power: converting food waste into energy

Our award-winning food waste and green waste recycling business, Severn Trent Green Power, is the UK's largest producer of renewable energy from food waste. Over 500,000 tonnes of green and mixed food waste is recycled each year. In 2023/24, we generated 302 GWh of green energy, an 11% year-on-year growth per annum.

During the year, Severn Trent Green Power acquired Andigestion, a commercial-scale anaerobic digestion business in the UK, to enhance our renewable energy generation capabilities. Andigestion operates three food waste anaerobic digestion plants located in Cornwall, Gloucestershire and Devon. The acquisition is expected to add 45 GWh per annum of energy generation to Green Power – an additional output of 16% per annum. You can read more in the Severn Trent Plc Annual Report and Accounts 2023/24.

Reducing waste to landfill

Over the past year, we have focused on data improvement: engaging with our supply chain to drive improved reporting and inform our strategy for the future. This activity has been supported through the introduction of a standard key performance measure for our capital contractors, direct supplier engagement, and improved awareness through sessions delivered through our partnership with the Supply Chain Sustainability School. We continue to seek opportunities to consider circular economy principles through supplier selection, and through working in collaboration with existing suppliers and broader stakeholders.

SOCIAL

Alongside delivering reliable services to our communities, we are particularly focused on ensuring our services are affordable for all and addressing the long-term drivers of poverty by enhancing the skills and training within the communities we serve.

PRIORITIES AND PERFORMANCE

How we performed in 2023/24

Delivering an affordable service

A growing number of people in our region are impacted by societal challenges, such as increased cost of living. Supporting those who are facing vulnerabilities is vital

Goal: Support 42% of customers who struggle to pay their bill this year

Progress: Supported 56% of customers who struggled to pay their bill

Achieved

Goal: Increase the number of customers on our social tariff by 100,000 by 2025

Progress: Over 69,000 customers benefiting from our social tariff

On target

Creating opportunities in our communities

Helping support our communities to thrive is a responsibility we take seriously. We have stepped up our efforts to make a lasting social impact

Goal: Our Community Fund to donate £10 million over 5 years to charitable causes

Progress: £9.6 million donated to good causes over 4 years

On target

Goal: Engage with 31,050 young people per year

Progress: Over 172,000 young people engaged on educational programmes within this year

Achieved

Helping our own people thrive

Without our people we cannot achieve our purpose. Supporting their development and recognising their contribution is crucial

Goal: 18.9% of employees from minority ethnic backgrounds

Progress: 11.6% employees from minority ethnic backgrounds

On target

Goal: 35% female employees

Progress: 28.1% female employees

On target

Supporting our suppliers

Our suppliers are an important stakeholder in our operations. We aid our suppliers in supporting their people and our communities

Goal: 100% of our suppliers sign up to our Supply Chain Charter

Progress: 100% of our suppliers have signed up to our Supply Chain Charter

Achieved

Goal: 95% of our employees complete modern slavery e-learning

Progress: 97.5% of employees have completed modern slavery e-learning by the end of 2023/24

Achieved

DELIVERING AN AFFORDABLE SERVICE

Providing support when needed

To be truly impactful in our communities, we need to help more of our customers who need support today. Our average combined bill for the year – around £1 a day – remains one of the lowest in the country, and we will continue to offer one of the lowest bills in the final year of the AMP. Even though our bills are low, some customers have difficulty paying and we make it clear to our customers that we don't want anyone to struggle to pay.

£30m

We are using £30 million of funding to help those most in financial need and boost the number of customers on our social tariff

Keeping bills down

We know that some of our customers are struggling with affordability, compounded by the current cost of living pressures resulting from high energy bills, high inflation and corresponding increases in rent and mortgage payments. We will enter AMP8 with one of the lowest bills in England at just £419 per year (nominal prices). We've worked hard to ensure we aren't passing on unnecessary costs to customers, building on our strong track record of delivering our services efficiently. The scale of the investment we're proposing in AMP8 (£12.9 billion) means that bills will need to go up between now and 2030 by an average of £2.32 per month over the next five years. However, our bill will remain the third lowest of all the water companies in England and Wales – £48 a year lower than the average of the nine other large water companies.

Within our Plan, we have proposed a total package of support worth £550 million for customers who are struggling to pay. By 2030 we will be supporting c.700,000 households, the equivalent of one in six customers – one of the largest support packages proposed by any water company in the UK.

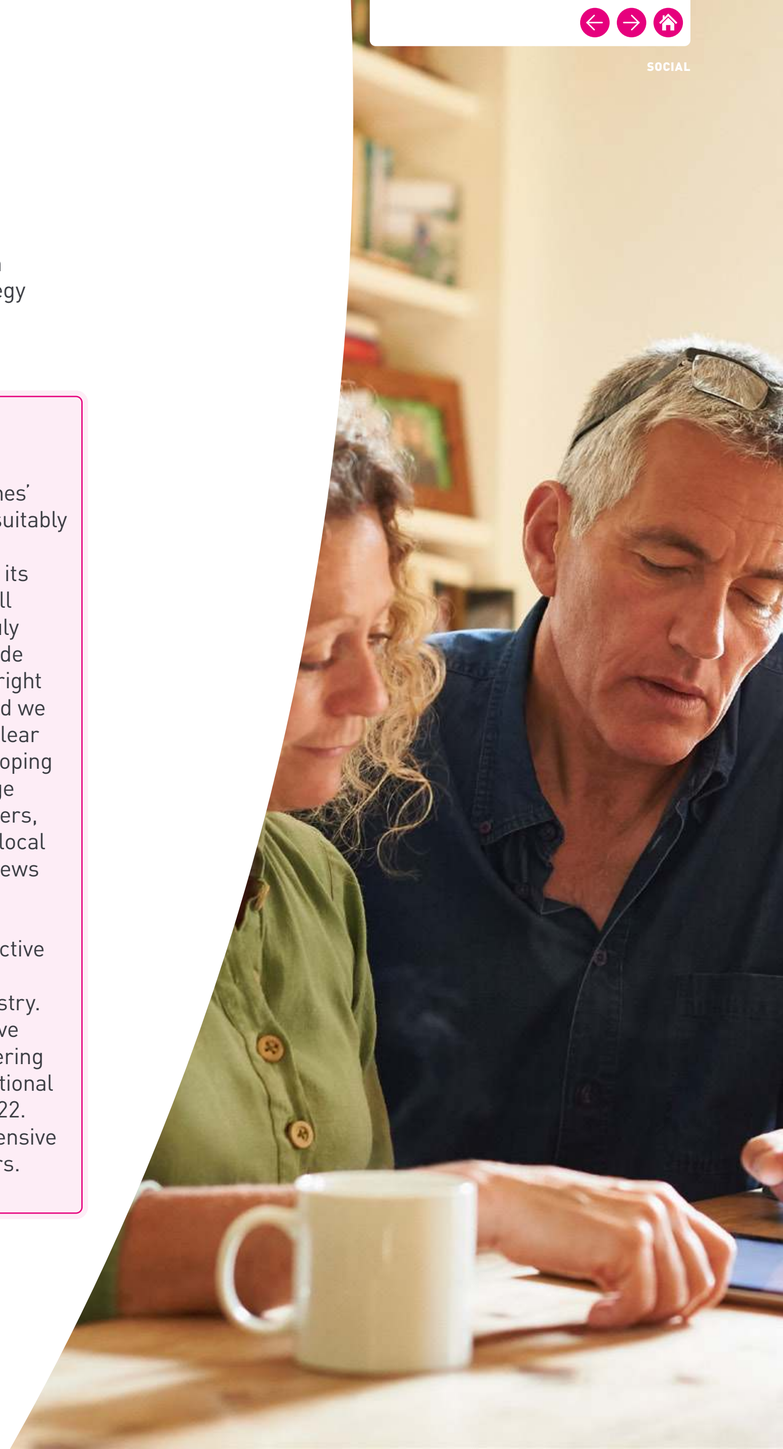
Extra support for those who need it

We are using £30 million of funding to help those in financial need and boosting the number of customers on our social tariff (Big Difference Scheme) by an additional 100,000 by 2025. We have also reviewed our Big Difference Scheme eligibility criteria to ensure they align with current wages and benefits. The Arrears Support Fund (formerly the Severn Trent Trust Fund) is now a part of our business, which means we can target support where it is needed most. By 2025, we believe we can help more than 16,000 people – four times the number of customers helped via a grant from the historic Severn Trent Trust Fund.

Alongside our affordability package, we will launch our newly developed Customer Vulnerability Strategy in July 2024 to ensure our support is accessible to customers who need it now and in the future.

Recognition of our efforts to be fair to customers

In July 2023, Ofwat issued 143 'Paying Fair Guidelines' that companies should meet to ensure they are suitably supporting vulnerable customers. As a socially responsible company that genuinely cares about its customers and the communities it serves, we will launch our Customer Vulnerability Strategy in July 2024, to continue our focus on ensuring we provide proactive support to the right customers, at the right time. Our Plan builds on this solid foundation, and we have committed to further growth, as well as a clear focus on delivering sustainable support. In developing our refreshed approach, we engaged with a range of stakeholders, including customers, shareholders, Ofwat, Consumer Council for Water ('CCW') and local communities, to listen to and understand their views and the challenges they face. Our Customer Vulnerability Strategy was then developed in full consideration of these discussions, with the objective of addressing vulnerability in our region. We are confident that our plans set the tone for the industry. Our plans have been endorsed by Ofwat, who have described them as 'exemplary' and we are delivering against our stretch targets, unlocked by the additional £30 million funding that was delivered in May 2022. We are confident we have embedded a comprehensive approach to supporting our vulnerable customers.



DELIVERING AN AFFORDABLE SERVICE CONTINUED

Making it easier to ask for help

Customers sometimes need to ask for help, and we want to make this experience easier.

We want as many customers as possible to reach out if they need additional support from us. We have a range of ongoing initiatives to raise awareness of the support we can offer, particularly in hard-to-reach areas. Using demographic data we identified areas of deprivation, where we can host societal outreach events and speak to customers about our social tariff.

Complex application processes, and the need to disclose income and expenditure, can deter people from applying for support. We're developing a single-application process for affordability support, meaning that any customer will only need to apply in one place – either through WhatsApp, by phone or via email – rather than having to complete multiple applications. A new self-serve functionality on our website will give customers access to tools such as the benefit maximisation calculator.

Our dedicated team of co-ordinators engage with organisations and communities across our region to increase awareness of our vulnerability assistance schemes and services. Through partnership arrangements with housing providers, local authorities and charities, we can identify customers in financial hardship and streamline the process so they can access our support schemes more readily. These partnerships can also help remove barriers which may have prevented people from previously accessing support.

The case study of our partnership with Bournville Village Trust is an example of how General Data Protection Regulation ('GDPR') compliant data exchange is used to auto-enrol customers onto our schemes and the benefits it can have.

Housing association partnership – Bournville Village Trust

We have been working with Bournville Village Trust for a number of years to support tenants who might be struggling financially or are in need of some additional support with utility and other costs. As a registered social landlord, Bournville Village Trust offers a money advice service when a tenant first takes up one of their properties and throughout their tenancy.

Cost of living challenges are faced by many households, so this support has been essential. Together, we have successfully supported tenants to be able to maintain their tenancies with schemes like our Big Difference Scheme.

Thanks to the GDPR compliant data exchange implemented in 2023, tenants in financial difficulty are now able to be auto-enrolled onto the Big Difference Scheme. This means that we can support tenants much earlier, reducing the risk of further affordability challenges. It also enables our teams to be proactive in identifying households that could benefit from support at the start of their tenancy, which has made a real difference to the families living in this area.

When life changes dramatically, Severn Trent can help

For some of our customers who are struggling to pay their water bill, the financial support we provide can be life changing. We met a family where one parent, Lee, was diagnosed with a terminal illness. He found himself struggling, with no income and only statutory sick pay, to provide for his family. Increasing bills and cost of living challenges meant that Lee and his family had to choose between heating or eating.

Our team was able to reduce Lee's water bill and add him to our Priority Services Register. Our Priority Services Register ensures those who need additional support are prioritised during an incident so we can provide them with bespoke communication and a personalised service. Outstanding debt was cleared by a hardship grant and Lee and his wife Karen were accepted onto the Big Difference Scheme to lower ongoing charges. They now have an affordable payment plan for the future, which has made a huge difference to their lives.

When we were first in touch with Severn Trent we were in contact with Sonia (External Relationships Co-ordinator) who was extremely helpful. The pressure's off and you feel relieved; there's not many companies that do that. It's a peace of mind that's been great for us.

Lee and Karen
Severn Trent customers

Click here to learn more about how we supported Lee and Karen

Watch the video here

INVESTING IN SKILLS FOR OUR COMMUNITIES

Our Societal Strategy

In 2022, we pledged to support 100,000 people in water poverty, or at risk of falling into water poverty, as part of our Societal Strategy. We work with partners and community leaders to tackle some of the underlying causes of poverty, by helping job seekers return to work and open doors for those seeking career changes.

To develop our Societal Strategy, we consulted with the Social Impact Adviser at Business in the Community, of which Severn Trent is a member, to look at best practice in businesses across the country. We wanted to focus on areas where the need was greatest and identified areas in our region that fall within the top 10% of the Government's national indices of multiple deprivation. Pilot areas were identified and we engaged with charities and community organisations to understand the needs of the communities they support. In Birmingham, where our Strategy was launched, we aligned to Birmingham City Council's 'East Birmingham Inclusive Growth Strategy'.

A year into delivering our Strategy with local partners in East Birmingham, we replicated our approach in 2023 in Derby and Coventry, through initiatives such as employability training, mock interviews and mentoring with community groups, secondary schools and prisons, all of which have been warmly received. The programmes we deliver also enable us to build a stable pipeline of diverse and highly-skilled talent, foster sustainable economic growth and empower community members to thrive in the job market. 2023 saw us build on our initial work and accelerate our delivery of 'pop-ups', school employability sessions and mentoring, with a strong focus on prison mentoring.

Awarded for the Best CSR/ESG Initiative by the Chartered Institute of Personnel and Development

The award recognised the work we have been doing to help those most in need with work skills training and meaningful work placements. We have been doing this work since 2021 and believe it's the right thing for a large local employer to use our skills to help people improve their job prospects.

Improving social mobility

Our commitment to improving social mobility in the Midlands has been recognised for the fifth year running, with Severn Trent being named as one of the top performing companies in the UK in the latest Social Mobility Employer Index. The Social Mobility Employer Index ranks UK employers on the actions they're taking to ensure they're open to accessing and progressing talent from all backgrounds.

40% of our new apprentices and graduates are from geographic areas classed as lower on a socio-economic scale.

We have met our commitment to provide over 100,000 hours of free employability training for anyone living in our region, provided young people from low-income families with financial support through university with funding and internships. Our Societal Strategy made a pledge that by 2033 we would have helped 100,000 people at risk of water poverty by providing support with skills and training opportunities as well as help with finding work.

Measuring the positive impact we have on society

Our 10-year Societal Strategy is a huge undertaking, and we are passionate about helping households across our region and will achieve this by working closely with communities and partner organisations.

During the year, we adopted the Government's Themes, Outcomes, Measures ('TOMs') Framework to provide an established and trusted methodology to measure Social Value in our business. TOMs provides a quantifiable means of determining the contribution we are making to society through the interventions we undertake. The measurement of Social Value will become an important part of our non-financial reporting as we build our understanding in this area.

Employability pop-ups

Our bite-sized employability workshops in local community centres have proved popular among job seekers in East Birmingham, Derby and Coventry. Community centres are trusted places and provide strong connections to local communities. At these workshops, our employees provide a series of sessions focused on supporting job seekers through the whole journey – from CV writing to mock interviews.

These sessions offer a familiar, safe and comfortable space for people to come to, making workshops easier to engage with and less daunting for those who have been away from the job market for a while.

SPOTLIGHT PARTNERSHIP
Trailblazers partnership

Our partnership with Trailblazers, a charity organisation that works in several prisons in our region, helps us support young men with mentoring as they approach release. We have 12 mentors who have supported 16 young people this year.

As our employability training offer developed further for schools and in-employment pop-ups, we worked with Trailblazers to develop an appropriate offer for in-prison delivery.

To date, we've run a three-day employability training course, with supporting workbooks, to three cohorts of eight prisoners each at Brinsford Prison. In February 2024, we donated two days of volunteering with 19 colleagues plus materials to redecorate previously disused rooms at the prison. These will become a wellbeing and employability hub to give the young men a safe space outside of their wings to follow training and have their mentoring sessions.

INVESTING IN SKILLS FOR OUR COMMUNITIES CONTINUED

Supporting women to return to work

The Dolphin Women's Centre in East Birmingham supports women – many of whom are in vulnerable situations or who have never worked – to access learning and development opportunities. We are proud to have built a strong relationship with the centre and delivered 15 employability sessions during 2023. Many of the women said that they felt more confident to explore jobs and training for a wider range of careers after attending the sessions.

As part of our support, in February 2024, we held a two-day employability course for 11 women. Two weeks later, we supported the group to travel to our jobs fair in Birmingham, connecting them with open, full- and part-time opportunities in the local area.

It has been really rewarding working with Severn Trent and their employability staff and the feedback has been positive from our students – they have shared that the staff who delivered the workshops have been very supportive and helped to make them feel more prepared for getting into work (80% of our students have never worked and most of our women are in the age bracket between 30 – 50). One woman said 'I never would have thought that a water company did great work like this, to help us get into jobs!' Recently, we were provided with a two-day course, which was really well attended on both days and this ended with a trip to Severn Trent's Big Boost for Brum jobs fair (transport kindly provided by Severn Trent) – the women enjoyed it so much and felt inspired about the employment opportunities and much more confident to explore jobs and training for a wider range of careers.

Maxine Mills
Dolphin Centre Manager

Supporting our communities at our Academy

In addition to supporting our colleagues and apprentices, our Academy also offers support to the community by offering virtual and face-to-face employability skills training. Since opening in February 2021, thousands of our employees and members of the community have taken on development opportunities at our Academy.

Work experience and school partnerships

Our school partnership programme

We've extended our partnership programme with schools in Coventry, meaning we are now partnered with 17 schools within the three focus areas of our Societal Strategy: eight in Birmingham, three in Derby and six in Coventry. For each school, we tailor our approach according to their needs. Sessions are designed to inspire, equip and support pupils in their career journeys. So far, we've had over 5,000 interactions with students across our region.

We have also seen an increased take-up of our mock interview sessions for pupils who are due to leave education or apply for further education options. This is a great opportunity for pupils to safely practice their interview techniques and to receive external constructive feedback to support their next steps. The demand for these sessions has steadily increased over the last 12 months; it is now part of our corporate volunteering offer and we are working on extending this volunteering opportunity to our supply chain so that we can offer even more of these days to our partnered schools.

Work experience

We have committed to creating 500 work experience opportunities a year for young people, partnering with schools in areas of deprivation in the Midlands.

We are passionate about supporting and enabling meaningful and good careers education. In 2023/24, we hosted 560 work experience placements against our commitment of 500 which included providing discovery days and face-to-face placements with a further 632 individuals completing virtual work experience.

Our office-based Discovery Day offers an operational focused programme, provides an overview of the wide varieties of careers available across our business and supports individuals into potential placements to develop their employability skills and confidence.

Our work experience offer has been designed to meet the Gatsby Benchmarks related to career guidance.

We want to have the most technically skilled employees, provide meaningful careers for all and to also give back to the community at the same time. We take pride in training employees to the best standards, so they can best serve our customers.

Sarah Harris
Head of Academy
Severn Trent

INVESTING IN SKILLS FOR OUR COMMUNITIES CONTINUED

Maximising our impact through partnerships

We are a cornerstone employer with the Careers & Enterprise Company that works with schools, colleges and employers to support young people in employability skills and career paths. We do this by providing careers education sessions in schools. This year, we hosted a Discovery Day for teachers and careers leaders – called a Teacher Encounters Day – to increase awareness of apprenticeships and the career routes available in the wider sector including how we recruit and select our future new talent to support teachers in guiding their students with their career choices.

The Armed Forces Covenant Gold Award for Employer Recognition Scheme in 2023

This prestigious award – the highest available – recognises the important and positive role that our organisation plays in supporting the armed forces community and the work we are doing to support our colleagues that have served in the military.

Severn Trent's internal Armed Forces Network was set up in 2021, and since then has been a big driver in support for ex-military colleagues and their families when settling back into the community, while also providing skills and training to help ex-military members to find work. The group works alongside other networks within the Company that make sure we are adaptable and fair and have the right support in place for anyone needing it.

Community partnership

Our ability to engage directly with our communities is aided by working in collaboration with community organisations and charities that support local citizens on a regular basis and understand their unique needs. These partnerships are vitally important to us as there is an established trust that can help bridge the engagement gap and provide additional wraparound support after the engagement with our teams. In addition, partnerships with local authorities and government agencies allows us to play a convening role, something that has been incredibly beneficial in starting our own jobs fairs to support members of our communities to find employment opportunities.

Our work in prisons

To find out about our partnership work in prisons with charity Trailblazers, please see the case study on page 36.

Working in partnership with Severn Trent is hugely beneficial to the work we do with schools and young people in Coventry. This collaboration allows us to offer real-world opportunities for young people and provide practical experiences to help prepare the future workforce. We are proud to work alongside Severn Trent Water equipping young people with the skills and knowledge they need to succeed.

Emma Culey
Operational Hub Lead,
Coventry Careers Hub

A FORCE FOR GOOD FOR OUR CUSTOMERS

Big Boost Jobs Fairs: Raising awareness of local job opportunities and wellbeing

Our job fairs serve as a platform to connect job seekers with available positions in their local area, while offering support around mental health and cost of living. Through partnerships, we actively engage with the community to encourage attendance and facilitate job connections. We have now hosted job fairs in Birmingham and Derby as part of our Big Boost initiative.

We recognise that not everyone who attends our events is fully equipped with the tools they need to be confident looking for work. Our Learning Zone is a dedicated area that provides the opportunity to have one-to-one CV help with a Severn Trent volunteer, interactive employability workshops – with subjects such as, 'How to get that job' and 'Making a great first impression' – as well as AI-generated mock interviews using virtual reality technology.

In 2023, our Big Boost for Derby jobs fair welcomed over 700 attendees to the Pride Park Stadium.

In collaboration with Derby Jobs, part of Derby City Council, the event catered to both job seekers and those wanting career transitions, fostering a diverse pool of talent and aspirations. One attendee has just finished our induction training and is now looking forward to building their career at Severn Trent. Another company employed 10 individuals on the day.

Our jobs fair was well received by the local community:

Attending the Derby job fair organised by Severn Trent and Derby City Council was a game-changer for our organisation. Thanks to their collaboration, we connected four of our clients with employers who were eager to provide opportunities. For three of them, it marked their first job in this country, a significant milestone.

Nedzad Salkic
Executive Operations Manager at the Derby Bosnia-Herzegovina Community Association

CREATING OPPORTUNITIES IN OUR COMMUNITIES

Our Community Fund

OUR COMMUNITY FUND

c.£10m

Now at the end of its fourth year, the Fund has, in total, donated nearly £10 million to organisations across the Severn Trent region.

>£2m

During 2023/24, more than £2 million has been distributed to over 100 fantastic not-for-profit organisations.

330,000*

The Fund has benefitted nearly 330,000 Severn Trent customers through traditional project funding and core funding initiatives.

To find out more about our Community Fund click here

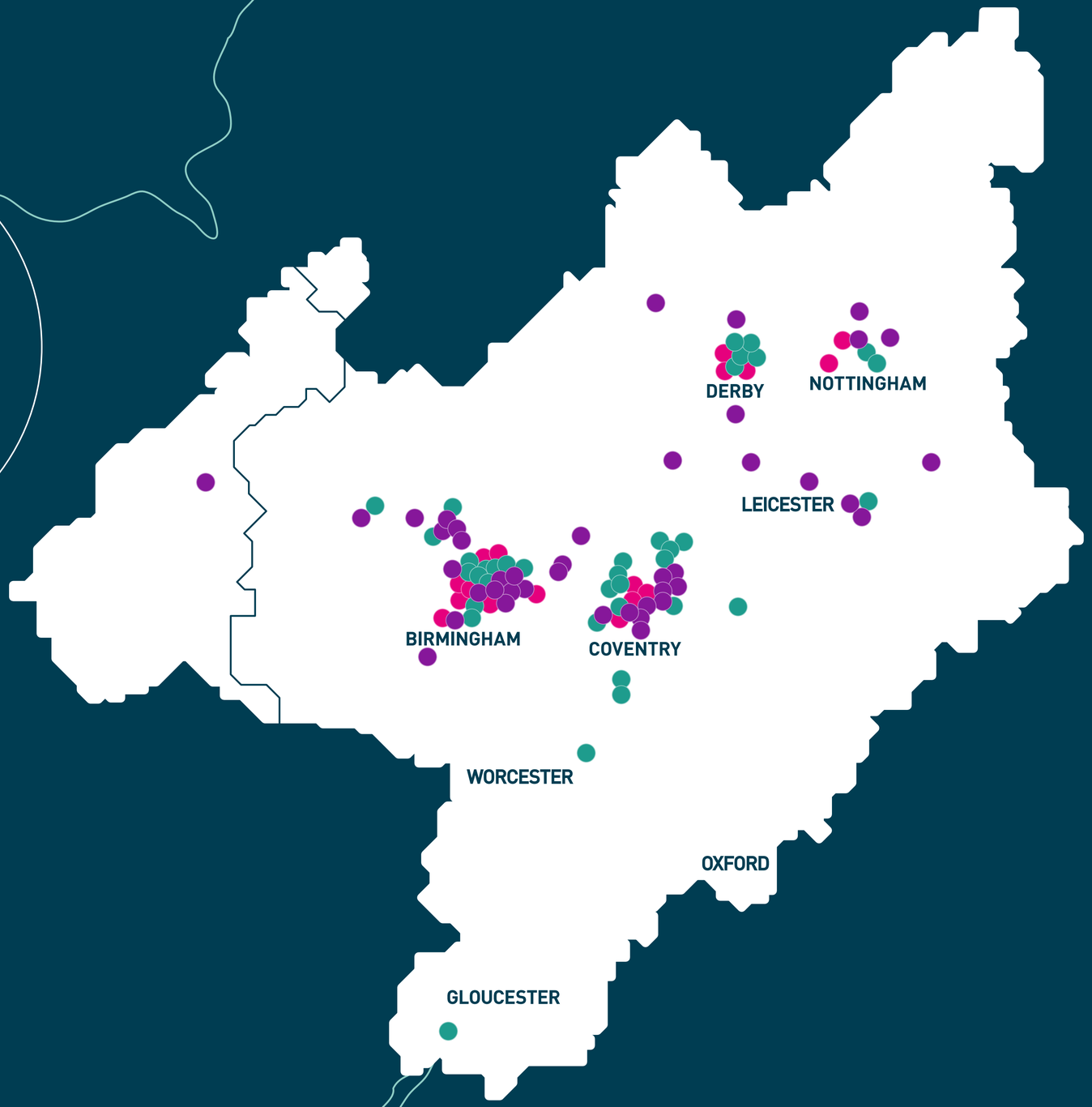
* Based on predictions from submitted applications and actual figures from completed reporting.

WHERE WE ARE

Expanding our reach

Going into the community and providing support where our customers live has grown over the last year. The map highlights the locations we have delivered in to make a positive difference.

In the early years of our Societal Strategy we have taken a place-based approach and focused on areas where the need was greatest based on the Government's indices of multiple deprivation. East Birmingham and Coventry were areas of focus, with work developing in parts of Derby.



School partnerships

Our school partnerships provide a dedicated approach around careers support for students tailored to each individual school's specific requirements.

Community partnerships

We work in collaboration with community groups and charities located within the heart of the communities they serve to deliver employability sessions in community centres.

Colleague volunteering

Volunteering in the community is vitally important in meeting our Societal Strategy ambition to support 100,000 people. Our people are actively getting out into the community to support our work in schools, community settings and prisons.

INVESTING IN SKILLS FOR OUR PEOPLE

Helping our people thrive

Our teams are passionate about the positive role they can play in helping customers and communities thrive and they want an environment where everyone can feel comfortable, heard and able to do their best work. As a large, yet local, employer, our ambition is to help our colleagues realise their full potential and contribute to the communities we serve. Our Societal Strategy is at the forefront of this commitment. Over the last year, we have made significant efforts to boost training, employability, and upskilling of individuals within our local schools and community hubs, as well as within our Academy and our workplace. Areas of focus have been to celebrate the diversity that is integral to our culture and success and to make progress on creating an inclusive workplace.

97

Graduates enrolled across all our graduate programmes

An engaged workforce

Our people are the most essential element in delivering our purpose of 'taking care of one of life's essentials'. Creating an environment in which our people can thrive is of utmost importance. Supporting our people in fulfilling their potential provides them with the motivation to serve our customers and communities as well as take on guardianship of our natural environment.

This is reflected in our annual engagement survey. Over the last year our scores have gone up across all the major categories of evaluation including:

Engagement (8.6 versus 8.4 in 2022/23) placing us in the top 3% of all utilities globally

Equality– all people are treated fairly at Severn Trent (9.1 versus 9.0 in 2022/23)

Fair Opportunities – people of all backgrounds have the same opportunities at Severn Trent (9.0 versus 8.9 in 2022/23).

The results are a testament to the cohesive culture within our organisation and the value placed on the important role our people play.

Glassdoor recognition

Further validation that our people enjoy working at Severn Trent was the achievement this year of our highest ever score (4.5/5) on Glassdoor, where employees can rate their current and previous employers on a series of measures, including whether they would recommend their employer to someone. The score achieved places us higher than all other water companies and at the top of our region. Glassdoor plays an influential role in helping potential candidates make their career decisions.

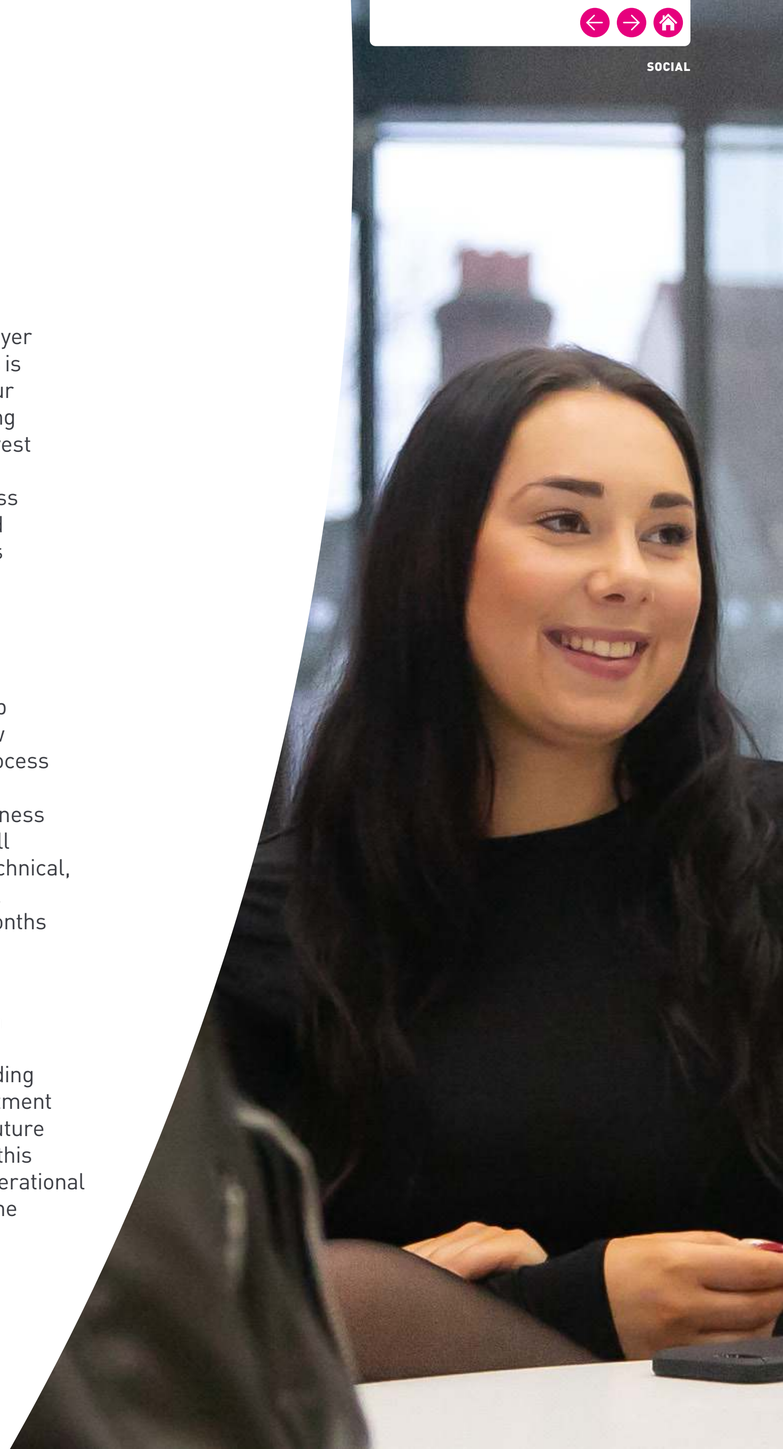
Investing in skills for the future and the potential of our people

Our Glassdoor score reflects that we are an employer of choice within our region and a key driver for this is the way in which we support the development of our people. This ranges from broadening and enhancing skills to career advancement opportunities. We invest in all our people, from the new talent joining us to the longstanding members of our teams, and across all demographics. This investment is not restricted to professional development; considerable effort is made to go further in rewarding our people fairly and in supporting their wellbeing.

Graduates

Our graduate programmes are designed to develop the critical skills we need in our business both now and in the future, including engineering design, process engineering, project management and regulation. In 2023/24 we recruited 60 graduates into our business and have 97 graduates currently enrolled across all programmes. The programmes offer a blend of technical, on-the-job and business skills (what we like to call 'power skills' development) and are typically 27 months in duration.

This year, we launched our new Operational and Environmental Leadership Programme onto which we welcomed eight individuals. The programme is designed to help our graduates gain an understanding of the fundamentals of water and wastewater treatment whilst developing the foundations to become our future operational managers or technical specialists. On this programme, they are involved in tackling major operational incidents, night or day, keeping our customers at the heart of what we do by working collaboratively to maintain our services.



INVESTING IN SKILLS FOR OUR PEOPLE CONTINUED

Encouraging female graduates into operations

Jodie Wilson joined us on the new Operational and Environmental Leadership Programme after completing her studies at the University of Leicester. She wanted to work in job where she felt she could make a positive impact on the planet.

"In my final year in university, I was exposed to the water industry and water treatment processes, which fascinated me. I came across Severn Trent's Operational and Environmental Graduate Scheme Leadership Programme and later found that six out of eight of the operations graduates are female!" says Jodie. "Within my first six months, on placement in the Water Networks business, I've been looking after my own projects, analysing data, attending meetings and been a part of the New Talent Network.

This experience has increased my confidence and capabilities. I'm also in the Women in STEM group with a community of people who are actively making real positive changes – particularly for women in operations – and I'm an Environmental Champion."

Steph Cawley, Director of Customer Operations at Severn Trent Water says: "Our new Operational and Environmental Leadership Programme is proving to be a success. We have always seen great value from our graduate programmes. This new programme gives us the opportunity to bring individuals with exceptional skills and passion for the environment and the fast-paced nature of operations into our organisation. It's incredible to see our first cohort so comfortable in their roles on site. They're producing high-quality work that makes a difference and will continue to be a key part of our future."

Apprenticeships

We're proud of the continual growth of our apprenticeship programme, creating opportunities for people in our communities to gain the skills and knowledge that will lead them into a meaningful career and helping us deliver the best service and outcome for our customers and the environment. Once our apprentices have successfully passed the programme, they're guaranteed a permanent role with us.

Year on year, we continue to invest in apprenticeships and the breadth of standards and programmes we offer continues to grow, as evidenced by the 33 apprenticeship standards, ranging from Levels 2 to 7, and our offering of 37 different apprenticeship programmes.

This year, we welcomed 110 new apprentices, which is our biggest ever intake of new talent into the business. Currently we have 213 apprentices on our programmes, offering skills development across technology, finance, operations, technical, design and sciences. We are strategically investing in the critical skills we need for the future, including data and digital, engineering, sales and operations.

213

Apprentices across all of our programme

100%

To date, 100% of learners have achieved their apprenticeship

Developing core skills within our apprentices through our Academy

Our Academy opened in February 2021, supporting our ambition to be a socially purposeful company in all that we do, giving back to the communities we live and work in, and providing opportunities for people to learn, develop and retrain with us in our industry.

In 2021 we became one of only three water companies that are fully accredited as an employer apprenticeship provider. Our first cohort consisted of nine apprentices and we have grown significantly since then, with 213 learners on a wide range of programmes. We offer technical development for learners through two apprenticeship standards: Water Process Operative Level 2 and Water Industry Network Technician Level 3. We have a blended delivery model between classroom learning and practical activities within the Academy and on operational site visits. To date, 54 learners have completed their learning with 100% achieving their apprenticeship.

Our in-house apprenticeship provision is fully funded by the apprenticeship levy and subject to audit by the Education and Skills Funding Agency. Our provision was audited for the first time in May 2023 and achieved the best possible outcome. We received our first full Ofsted inspection in December 2023 and an overall 'Good' grading, with 'Outstanding' in the Personal Development theme. Ofsted recognised the investment we have made in "stunning practical resources", assessor expertise and our commitment to learners' safety which "permeates across the organisation".

INVESTING IN SKILLS FOR OUR PEOPLE CONTINUED

Gaining sustainability skills through apprenticeships

Katherine Morris, Sustainability Lead in Capital and Commercial Services ('CCS'), and her team are responsible for integrating sustainable ways of working when delivering our large capital projects, for example introducing low-carbon construction methods or integrating biodiversity net gain into capital project design.

Specialist skills are required to do this work effectively, including exposure to the water industry, commercial contracts, sustainability principles and data analysis. The apprenticeship programme has helped Katherine find new members for her team.

Izzy Ludford (pictured above) joined the CCS Team as a Sustainability Analyst Apprentice in August 2023. To date, she's been learning data analysis tools, managing projects and understanding environmental regulation and challenges within the water sector. She's also added value to our carbon reporting capabilities.

> **Apprentices are incredible people to work with – diverse, energetic, thirsty to learn, adaptable and an exceptional pool of talent.**
>
> **Katherine Morris**
> Sustainability Lead in Capital and Commercial Services

> **The sustainability sector is ever changing. Analysing complex issues and thinking of innovative solutions is so vital.**
>
> **Izzy Ludford**
> Sustainability Analyst Apprentice

Our Academy's wastewater apprenticeship won the 2023 Princess Royal Training Award from the UK's City and Guilds of London Institute. It recognised the Academy's work in creating a programme to address the changing demographics and where the future skills will be needed in our workforce.

Functional skills training

During 2023, we achieved centre recognition from National Open College Network ('NOCN') Awarding Organisation – top 15 Ofqual regulated awarding organisation – as a provider of Maths and English functional skills. As an approved centre, we are able to take a more flexible approach ensuring each learner has a personalised learning plan, taking into account specific individual needs.

Our Academy: Supporting the development of our colleagues and the community

Our Academy supports the development of our colleagues by investing in the skills required now as well as helping build skills resilience for the future. Over the last year the Academy hosted over 3,500 learning events.

We recognise that everyone learns in different ways and that is why the Academy goes beyond classroom learning, using a combination of the latest technology, including virtual reality, simulation and online learning.

Through the various means of delivery, our Academy has delivered over 170,000 hours of instructor-led training to-date. We offer a number of programmes and courses to our colleagues, enabling them to fulfil their potential within their current roles or to expand skills to support their career progression.

BECOMING WONDERFULLY DIVERSE

Wonderfully You: Our D&I Ambition

Our diversity and inclusion ('D&I') ambition – 'Wonderfully You' – launched in September 2021 and included gender and ethnicity D&I targets for the first time. Since then, we have made good progress. Almost 90% of our workforce has now chosen to share some, or all of their D&I data with us, inclusion has improved significantly across each of our minority groups, and ethnic diversity is improving consistently at c.1% a year. Gender diversity has improved in quantity, but the percentage has been harder to shift due to the changing structure of our workforce and insourcing more operational teams.

As we embark on AMP8, we are updating our D&I Strategy. We have been co-creating it with our Employee Advisory Groups and other stakeholders across the business.

Our new D&I Strategy is purpose driven and is rooted in our AMP8 plans so that D&I contributes to our future delivery. Our D&I Strategy is built around three pillars – how diversity can help us improve customer service, address our AMP8 skills gaps, and supporting our Societal Strategy to help 100,000 people out of water poverty through employability.

On inclusion, our Employee Advisory Groups have been extremely valuable in helping to identify the common areas of need across our minority groups.

We continue to engage in a series of outreach and employability initiatives for under-represented groups within our communities, to break down perceived barriers which may prevent people from considering a career with us. We recognise that there is no quick fix, and that a sustained and consistent approach is needed over a long period of time.

The launch of our Societal Strategy and continuation of our outreach activities, internships and new talent programmes are critical to our success in attracting diverse candidates from under-represented groups, removing barriers to entry and creating a level playing field, whilst still recruiting the best person for the job.

Increasing ethnic representation

We are proud to have increased our ethnic representation, but know we have more to do to truly represent the communities that we serve, particularly within our more senior roles. Our graduate and apprenticeship programmes remain the most successful gateways into the organisation.

In 2023, over 35% of our graduates and apprentices were from a minority ethnic background. During the year, we made the following improvements to ensure our opportunities are reaching a wide and diverse pool of candidates:

- Diverse representation on shortlists is now introduced for senior roles, with roles advertised externally as well as internally.
- Vacancies are now promoted in new places and on job boards to try and attract more diverse applications.

Celebrating Race Equality Week

Race Equality Week is a chance for colleagues to share and compare language and cultural differences in the workplace. We held a dedicated awareness session this year on micro-aggressions – the everyday words or actions that (intentionally or unintentionally) communicate discriminatory behaviour towards a person or group, based on an aspect of their identity.

We also participated in initiatives such as #MyNameIs campaign, celebrating Black History Month and #SalutingOurSisters to acknowledge the accomplishments, achievements and cultural legacies of Black people. We support 'Show Racism the Red Card' to tackle different types of racial discrimination in the workplace.

RACE EQUALITY MATTERS TRAIL BLAZER

We were delighted to be awarded the Race Equality Matters Bronze Trailblazer Status during the year, which recognises how we're driving change when it comes to race equality.

A focus on female leadership

We are proud of our track record on gender diversity, and we were delighted that Severn Trent achieved first place as the best performing FTSE100 company for representation of women on the board in the FTSE Women Leaders Review 2024. Following Helen Miles' appointment as Chief Financial Officer in July 2023, Severn Trent became the first company in the FTSE100 to have a female Chair, CEO and CFO.

As at 31 March 2024, 75% of our Severn Trent Board members and 42% of our Executive Committee and senior leaders were female.

We understand the difficulties of attracting female candidates into historically male operational roles and we are tackling this head on. Our outreach and employability skills training in schools, colleges and universities is starting to provide results. Our newly launched Operational and Environmental Leadership Programme is 75% female. Our Future Leaders Programme in 2023 comprised 48% female colleagues.

BECOMING WONDERFULLY DIVERSE CONTINUED

We measure progress on inclusion primarily through our annual engagement survey. Our equality score of 9 out of 10 for the question 'People from all backgrounds are treated fairly at Severn Trent', places us in the top 3% for energy and utilities.

Women in engineering

Through our Women in STEM and Operations Advisory Group, we are committed to working together to open up opportunities and support our colleagues. We celebrated International Women in Engineering Day in June 2023, inviting students to learn more about what we do and hear directly from some of our female operational colleagues. We hope to inspire the next generation of future operational colleagues.

Supporting working families

From April 2024, we increased the number of weeks that all colleagues on maternity or adoption leave can take off, to up to 46 weeks on full pay. We are confident that this market-leading change will offer greater financial security and peace of mind for our colleagues who may be starting, or expanding, a family.

Embracing a neurodiverse workplace

Our Disability Advisory Group has a critical role to play within Severn Trent. It's estimated that 23% of people of working age in the UK have a disability and unemployment rates for disabled people are higher than able-bodied people (5.6% compared to 3.6% as of October 2023). We're looking to build a truly inclusive culture towards disability and other health conditions, removing barriers to allow every colleague to fulfil their potential and be their true, authentic self at Severn Trent.

Our Disability Advisory Group has been working with the Academy, Occupational Health and Technology teams to improve support for all of our neurodivergent colleagues, by introducing training and technological changes to ensure all of our colleagues are supported in the workplace. Both colleagues and managers are able to attend neurodiversity workshops and new accessibility features have been added to desktops, with easier navigation and display functions.

46 weeks

All colleagues on maternity or adoption leave can take off up to 46 weeks on full pay

Disability Pride Month: Nicki's story

Nicki Williams is a Severn Trent employee who shared her story during Disability Pride Month.

Nicki is a Network Optimisation Technician and was diagnosed with fibromyalgia in December 2012 – a long-term condition that causes pain all over the body, accompanied by fatigue, sleep, memory and mood issues. As part of the recruitment process for a new role, she had to complete an Occupational Health Assessment.

"I got very nervous about having to have an Occupational Health Assessment as I thought such a big organisation would see my disability as a negative thing, but how wrong I was.

After the initial assessment with a lovely assessor, I had a frank discussion with my manager who advised me of the support I could access through the Company such as the Employee Assistance Programme, display screen equipment ('DSE') adjustments and the Access to Work grant offered by the Government, to make coming to work more accessible.

Over time, with being able to walk unaided becoming more difficult, the DSE assessor and our Occupational Health Team advised me and made adjustments that I needed. More importantly, I didn't feel like me having a disability was holding my team back; if anything I had more people coming to me to ask for support for themselves or people they knew."

SUPPORTING OUR SUPPLIERS

Supply chain sustainability

We work closely with over 1,600 supply chain partners who remain critical to the delivery of our service and sustainability ambitions. Our ambitious Plan for the next five years will require even greater collaboration with our supply chain partners. Ensuring they uphold the same values plays an important role in meeting our sustainability targets and in caring for the people in our region.

Supplier engagement and capability building

AMP8 will see a significant step-up in investments through our proposed £12.9 billion Plan. Therefore, it is crucial that we foster a positive relationship with our supply chain to ensure we have access to the knowledge and expertise to design and deliver the right solutions for our customers and communities, in a sustainable way.

As of 31 March 2024, 100% of our key capital commercial, procurement and contract management roles have received Sustainable Procurement training delivered by the Supply Chain Sustainability School. This supports our newly introduced requirement for all sourcing strategies, contract awards and extensions to seek mandatory sustainability sign-off, ensuring key impacts and opportunities are addressed and delivered in line with our Sustainability Strategy.

We have strengthened our supplier selection and contractual mechanisms to ensure these are reflective of our ambitious expectations and continue to explore and trial mechanisms that can influence changes in commercial decision making.

Read more in the Climate Change section

Continuing our vital partnerships

Our partnership with Slave-Free Alliance is critical to developing our approach to tackle modern slavery over the long term. We are committed to addressing modern slavery and labour exploitation and have extended our partnership with Slave-Free Alliance for a further three years.

Our continued partnerships with the Supply Chain Sustainability School and EcoVadis support our commitment to build supplier capability and maturity to deliver against these expectations.

Real Living Wage and Living Hours

Supporting our own people

In April 2024 we became an accredited Living Hours Employer. The standards to which it holds employers includes a right to a contract which reflects the hours worked, offering a minimum of 16 hours per week (employees can request less) and providing at least four weeks' notice of a change to working patterns. It currently applies to all our employees.

Supporting our suppliers

100% of our contracted suppliers, where applicable, have agreed to apply the real Living Wage. This is mandatory for all new contracts, as a contractual clause. We have also committed to engaging with our supply chain over the next three years to drive awareness and promote adoption of Living Hours; taking a targeted approach for those supplier categories of higher impact to ensure expectations of them are clear.

Mitigating against the risk of modern slavery

The need to actively engage with expert partners, our peers and organisations outside of our sector remains key to identifying and addressing modern slavery.

Our highest risk is within our supply chain and, as such, we work closely with our suppliers to ensure they operate to the same standards we set ourselves and the risks involved in their own supply chains are understood and mitigated. All suppliers are required to sign up and operate in line with our Supply Chain Sustainability Charter, which clearly sets out a zero-tolerance approach to modern slavery, and this requirement is built into our procurement tender process.

Our partnership with Slave-Free Alliance

We are now entering our seventh year of partnership with Slave-Free Alliance, who act as a critical ally in ensuring we remain effective, focused and proactive in addressing the modern slavery risk. Together, we have developed our approach to conducting proactive assessments with suppliers who operate within industries known to be at a higher risk of modern slavery within the UK.

These management-level assessments conducted with Slave-Free Alliance allow us to understand the steps undertaken by a supplier to identify and address this complex issue and work together to highlight and deliver any opportunities for improvement.

Utilities Against Slavery

Severn Trent remains a steering committee member of Utilities Against Slavery, a sector-led group working to drive collaboration and consistency in our approach to identifying and addressing modern slavery. Engagement has been a key area of focus for us this year.

We have delivered a suite of resources across our industry networks, including awareness posters and business briefings on key topics such as modern slavery, health and safety and responsible recruitment. We're now looking to develop consistency in our approach to due diligence across a shared supply chain.

Training our employees to spot the signs

Our commitment to training colleagues to identify and report potential concerns remains as strong as ever, and our partnerships with Slave-Free Alliance, the Supply Chain Sustainability School and Utilities Against Slavery help support this. All employees undertake a certain level of modern slavery awareness training, and we extend access to a wide range of learning resources to our supply chain. Our full Anti-Slavery and Human Trafficking Statement can be found on our website.

Our refreshed Modern Slavery Working Group

This year, we refreshed our Modern Slavery Working Group. This included increasing its membership to ensure greater representation across the business and to help us have a more consistent approach to, and better mitigate the risks associated with, modern slavery. The Working Group will focus on developing our business-wide strategy and evaluate the requirements for a stronger integration of human rights within our sector.

GOVERNANCE

We are committed to the highest standards of transparency and corporate governance so that our stakeholders have access to meaningful, accurate information to inform their understanding of our performance and hold us to account on matters of importance to them.

PRIORITIES AND PERFORMANCE

Living our values

Living our values and delivering our purpose supports our strategy to be 'sustainability led', whilst also sharing best practice and continually learning from past events

Goal: Invest £1.2 billion in sustainability

Progress: £1.5 billion invested in sustainability

Achieved

Running our company for the long-term

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

Goal: £5.2 million carbon tax collected across the business

Progress: £5.2 million carbon tax collected in 2023/24

Achieved

Collaborating widely to support innovation

We need to lead the way within our region and represent our region within the national and wider global agenda

Goal: Complete construction of our Net Zero Hub at Strongford

Progress: Construction of our Net Zero Hub has been completed

Achieved

Creating a market that works for everyone

Our sustainability ambitions cannot be achieved alone. Long-term change requires collaboration, builds trust and encourages transparency

Goal: 48 Farming for Catchment schemes completed by 2025

Progress: 31 Farming for Catchment schemes completed by 2023/24

On target

LIVING OUR VALUES: OUR GOVERNANCE FRAMEWORK

A strong governance framework

Our values and commitments underpin our ambition of driving positive change. One of those commitments is to be a responsible and sustainable company. This cannot be achieved without careful and effective governance to support sound, well informed decision making.

Maintaining the highest standards of governance is integral to the effective delivery of our strategy. It ensures that the Board take decisions that create sustainable long-term value for the mutual benefit of our customers, the communities we serve, our employees and shareholders. Robust governance underpins everything we do. Sustainability and its associated risks, opportunities and organisational implications are overseen by the Severn Trent Plc, Severn Trent Water Limited and Hafren Dyfrdwy Cyfyngedig Boards, Board Committees, Executive Committee, Senior Management Team and Group Subsidiary company boards. Further details on our governance arrangements can be found in our Severn Trent Plc Annual Report and Accounts 2023/24 and, from a climate-change perspective, in our dedicated TCFD disclosure within the same report.

As outlined above, oversight of the Group's Sustainability Strategy is a matter reserved for the Board. The Board delegates certain sustainability and climate-related risk oversight activity to its Committees to support the continued delivery of the Group's Sustainability Strategy, as outlined in the schematic opposite.

Corporate Sustainability Committee

Our Corporate Sustainability Committee scrutinises and provides guidance and direction on the sustainability and climate-related risks and opportunities facing our business, ensuring that our drive to maintain a leading position is supported with the necessary oversight and insight.

Remuneration Committee

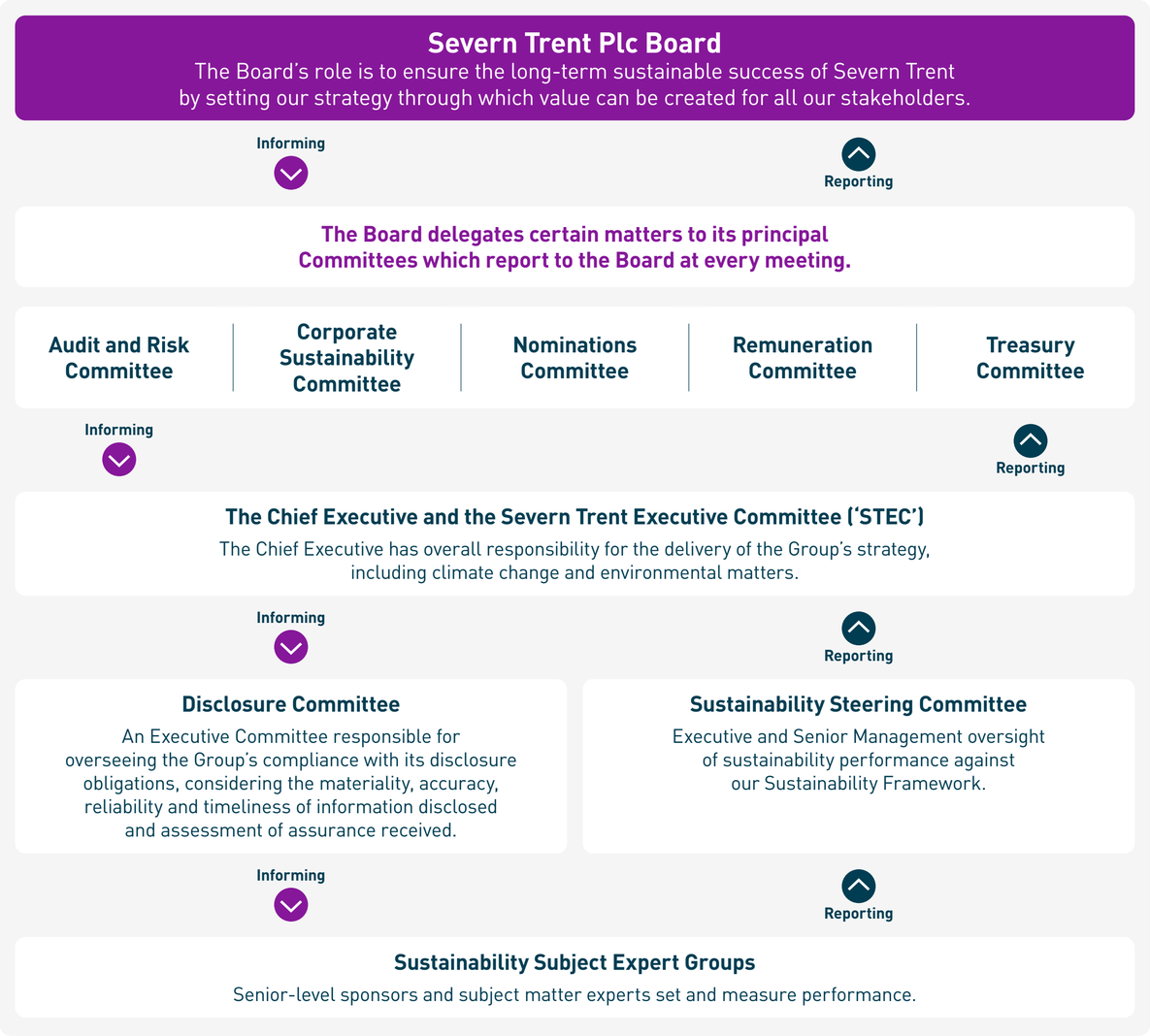
The Remuneration Committee ensures alignment of the Group's remuneration policies and procedures to achievement of sustainability aims by incorporating ESG measures into our incentive arrangements.

Our transparent remuneration framework aligns reward and incentive structures throughout our business, ensuring that every employee is incentivised and rewarded to deliver the same objectives.

As part of the 2024 Remuneration Policy review, the Remuneration Committee approved changes to the structure of our short and long-term incentive plans to reflect broader stakeholder priorities, with a particular emphasis on sustainability. Within the Annual Bonus Scheme ('ABS'), the weighting of our storm overflow spill reduction target will increase, as will the weighting on our Environmental Performance Assessment ('EPA') for 2024. This element of the bonus will only pay out if 4* EPA status is achieved, with a nil payout for any serious pollutions. These changes mean that the weighting placed on environment performance increases from 30% to 35% for the 2024/25 bonus.

Within the Long-Term Incentive Plan ('LTIP'), the Remuneration Committee has recommended for shareholder approval an increased weighting of non-financial measures from 20% to 50% of the LTIP, and the inclusion of three new LTIP measures; a long-term river health measure, a customer measure, and a social value measure.

You can read our proposed 2024 Remuneration Policy and the Directors' Remuneration Report in our Severn Trent Plc Annual Report and Accounts 2023/24.



ENGAGING WITH OUR STAKEHOLDERS

Stakeholder engagement to help shape the future

We are focused on driving long-term sustainable performance for the benefit of our customers, shareholders and wider stakeholders. Understanding different perspectives of our stakeholders is critical to our success.

A key component of strong corporate governance, is effective stakeholder engagement. Our Board, and indeed the whole organisation, engages with stakeholders to seek their views and feedback, and understand what matters to them to inform our decision making. Stakeholder engagement is central to the formation and execution of our strategy and is critical in achieving long-term sustainable success. The needs of our different stakeholders, as well as the consequences of any decision in the long term, are carefully considered by our Board.

This was best demonstrated in the development of our Plan, during which we engaged with a wide range of stakeholders and, most importantly, our customers. Over 68,000 customers and 630 other stakeholders took part in research which helped develop the three main priorities of our Plan. This engagement highlighted that sustainability was one of the key priorities, with stakeholders wanting reassurance that we are doing the right thing for the environment, society and future generations. Our Plan was developed with this feedback in mind and has a focus on sustainability throughout.

Within our Plan we have proposed c.£5 billion of enhancement expenditure, of which 82% relates to environmental and sustainability priorities in line with our stakeholders' feedback as follows:

- **Climate change mitigation –** a key component of our Plan is targeting climate change mitigation. This includes a dedicated business case for £430 million to invest in technologies that reduce operational emissions that will, subject to regulatory approval, be pivotal to us achieving net zero by 2030, well ahead of the Government's 2050 target.
- **Resilience to environmental challenges –** in particular protecting raw water sources, water quality and bolstering our resilience to climate change. Our proposed investments will embed effective supply and demand measures to meet future generations' water needs and also build on our improved approach to network resilience, through innovative, nature-based solutions such as sustainable urban catchments.
- **Customer affordability –** in building our ambitious Plan of £12.9 billion, we've worked hard to ensure we aren't passing on unnecessary costs to our customers, which is why our Plan includes a £550 million affordability package building on our existing programme that will support c.700,000 customers who need help paying their bill each year by 2030. That's the equivalent of one in six customers.

The way in which we engage with our stakeholders is detailed within the dedicated Stakeholder Engagement section of the Severn Trent Plc Annual Report and Accounts 2023/24.

Download to read more

Shaping the future – Anthropy: Taking part in joined-up thinking to improve the UK

In 2023, Severn Trent senior leaders attended Anthropy, an event founded in 2022 for leaders from UK industries, the public sector and NGOs, aimed at fostering ideas and collaborating on how to make the UK more sustainable and equitable. Held over three days at the Eden Project in Cornwall, it was an opportunity to share our own work and challenges, and find ways to collaborate to solve issues with other sectors – including finance, conservation and the food and drinks industry.

We hosted panels on three current challenges for our business – discussing water demand reduction; being nature positive; and urban regeneration. Other topics covered ranged from sustainable urban drainage – sharing lessons learned from our Mansfield project – river health, biodiversity, cross-sector working, and investment in technology, infrastructure and a greener energy network.

Many collaborations and learnings came out of the event: the EY Foundation has joined our newly formed West Midlands Employment Alliance, to work together to increase recruitment among marginalised groups, and we are working with Youth Futures Foundation to look at how to better support care leavers.

We've also got plans in the pipeline to host an Anthropy-sponsored Midlands Alliance, working with other regional businesses and stakeholders to agree on some joint initiatives for the region, which could then be rolled out to other areas of the UK.

ENGAGING WITH OUR STAKEHOLDERS CONTINUED

Collaborating with stakeholders to drive innovative change

Alongside our approach to corporate governance, and engaging with our stakeholders, we collaborate on innovation to maximise our impact.

Our Innovation Team brings expertise from different fields, with engineers and data scientists working together to solve complex problems – from driving down our carbon and other emissions, to detecting and dealing with potential risks to the quality and availability of water, or recovering heat from our treatment process.

The unprecedented and sector-wide nature of some of the challenges means that they are best solved through collaboration and knowledge sharing. We work in partnership with a range of organisations from multiple sectors, across the globe. To bring this activity to life, a few examples are provided on the pages that follow.

Read more about our Innovation Team here

Locating leaks with laser techniques

Leakage from our water supply network can result in loss of supply to customers, causing severe disruption. In 2023, our Innovation Team conducted a fibre leak detection trial to find a low-cost, rapid and accurate way to locate and fix leaks and, crucially, return supply to our customers faster.

The trial used a laser to detect sounds at intervals along unused optical fibre strands – called 'dark fibre' – across our own existing and third-party cable networks. The sounds can signify a leak. With direct measurement, leaks were found within a range of +/- 0.5 millimetres from the dark fibre and up to 5 millimetres with an indirect method. The indirect method monitors water saturation in the ground near the fibre.

The next step of the project is to expand on the learnings from the original trial, which proved the concept in a controlled environment. We are now conducting scale trials, where we will use a larger area of dark fibre across different terrains, locations (urban and rural) and pipe types to build on our learnings and understand the efficacy of the leak detection technique across the whole Severn Trent region.

The project was funded by the Ofwat Innovation Fund secured through Hafren Dyfrdwy. It is a collaborative initiative with input from multiple stakeholders including Hafren Dyfrdwy, Costain Group Plc, Dwr Cymru Welsh Water, Focus Sensors, Northumbrian Water and South Staffordshire Water.

Using fleas to remove micropollutants from wastewater

We are constantly exploring new ways to remove or treat emerging contaminants in wastewater, such as pharmaceuticals, microplastics, suspended solids and nutrients (ammonia and phosphorus). Our Innovation Team is working with Daphne Water Solutions ('DWS') to trial a pilot filtration system using an unconventional biological agent – the water flea (Daphnia) – to non-selectively absorb, concentrate and remove organics and inorganics from wastewater.

Daphnia works in an environmentally-friendly way, like a microscopic 'vacuum cleaner' to remove chemical pollutants and excess nutrients from wastewater, enabling water reuse and circularity. Our Resource Recovery and Innovation Centre at Spernal Sewage Treatment Works will take part in a trial to explore the activity and longevity of the water fleas, as they transform large volumes of water into small volumes of fully recycled biomass (organic matter). We are funded by Upstream Horizon, which is a €14 million EU Mission project with solutions for waste-free European rivers.

ENGAGING WITH OUR STAKEHOLDERS CONTINUED

PUTTING OUR REGIONS ON THE MAP

The Good Jobs Project – boosting business by employing marginalised people

Innovation at Severn Trent isn't just limited to our operations. We use it in all areas of our business, including our societal activities. In 2022/23, we supported social purpose charity, ReGenerate, with funding to review skills shortages within UK businesses, with a focus on recruitment from within marginalised groups. The completed study, 'The Good Jobs Project', which launched in July 2023, identified factors to incentivise and support UK-wide employers to intentionally recruit marginalised people to drive business value.

The findings were based on a survey of 500 hiring managers and interviews with human resources professionals. It showed employers needed more support with adapting their recruitment processes to be more inclusive. Intermediary organisations can play a key role to connect businesses, marginalised communities and candidates.

The findings of the study led to the establishment of the West Midlands Regional Employer Alliance, chaired jointly by Elizabeth Heath, Societal Strategy Lead at Severn Trent and Harry Brown, Director at ReGenerate.

The Alliance supports recruitment among three marginalised groups, including care-experienced young people, the neurodiverse and prison leavers. ReGenerate also included a Midlands-based chapter in its report, working with local employers and recommending how to use recruitment to improve regional prosperity for businesses and communities.

SPOTLIGHT PARTNERSHIP

Collaborating with household brand, Nectar, to reduce water demand

By 2050 the water sector must reduce average water consumption from 145 litres per person per day to 110 litres to protect the environment and ensure future resilient supplies.

Ofwat has established a £100 million water efficiency Innovation Fund for AMP8 – but we want to start solving the problem now with the help of a new innovative partnership. With the backing of Ofwat catalyst innovation funding, we have teamed up with Nectar, the UK's largest and most-recognised coalition loyalty programme and experts in consumer behaviour and incentives, to run a trial with 25,000 households starting in late 2024 to incentivise customers to reduce their water consumption. Smart-metered customers will be rewarded with Nectar points for positive behaviour change and customers' water usage will be linked to their Nectar card, to earn reward points.

This is a new and innovative way of encouraging our customers to save water where they can and change some, often deep-set, behaviours over the long term. The trial will also complement the current ways we tackle demand reduction such as through free water efficiency products, home water efficiency checks and installing flow valves.

25,000

households to be included in our trial to incentivise customers to reduce their water consumption

ALIGNING REMUNERATION WITH SUSTAINABILITY

Increasing the importance of non-financial performance

Remuneration linked to sustainability

Our transparent remuneration framework aligns reward and incentive structures throughout our business from our frontline operatives through to our Executive Committee, ensuring that every employee is incentivised and rewarded to deliver the same objectives.

The importance placed on sustainability is reflected in our reward and incentive structures, with 30% of the all-employee bonus in 2023/24 linked to ESG-related measures. In addition, the LTIP, which details performance targets and rewards for senior management, has been restructured so that 50% is linked to non-financial performance measures.

Alignment of uncertainties across the business is particularly important now, as our customers, communities and investors rightly expect us to increase our focus on sustainability and take decisions that prioritise people and the planet, as well as their own interests. The focus and scrutiny on the water industry has also increased this year.

35%
The weighting of environmental measures within the Annual Bonus Scheme

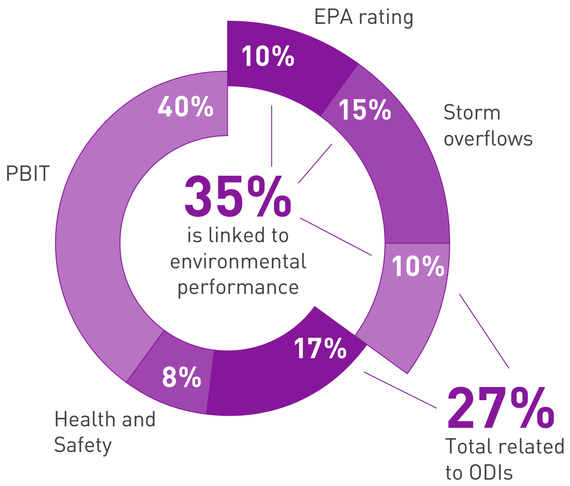
50%
The weighting of non-financial measures in the LTIP

All-employee bonus

60% is based on non-financial performance measures, including Customer Outcome Delivery Incentives ('ODIs') performance, storm overflow reduction and our Environmental Performance Assessment ('EPA') rating.

Our proposed 2024 Remuneration Policy also increases the weighting placed on environment performance within the Annual Bonus from 30% to 35%. You can read more in our proposed 2024 Remuneration Policy in the Severn Trent Plc Annual Report and Accounts 2023/24.

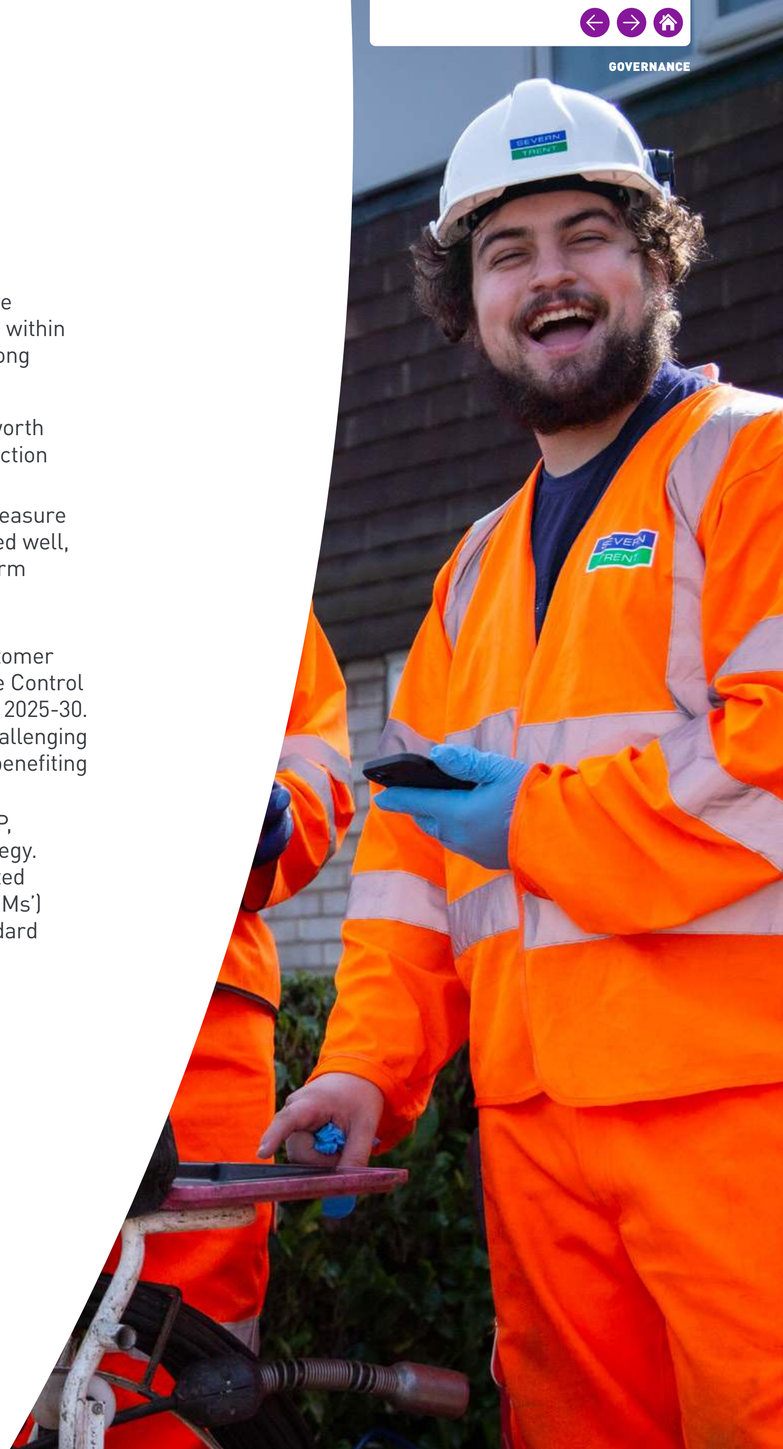
Annual bonus



LTIP

In our proposed 2024 Remuneration Policy, we have increased the weighting of non-financial measures within the LTIP from 20% to 50%, while maintaining a strong focus on financial performance:

- We're retaining the carbon reduction measure worth 20%, which will focus on our Scope 1 and 2 reduction activities, and our self-generation of energy.
- To date, we have used a storm overflow spills measure in the All-Employee Bonus. While this has worked well, we believe that the RNAGS metric is a longer-term driver of performance and is, therefore, better aligned to the LTIP. This measure is worth 10%.
- We are introducing a long-term measure of customer performance worth 10%, in the form of the Price Control Deliverables ('PCDs') that Ofwat is introducing for 2025-30. The PCDs will incentivise delivery of our most challenging and ambitious capital delivery programme yet, benefiting customers and the environment.
- A new Social Value metric, worth 10% of the LTIP, is being introduced to support our Societal Strategy. The measure is based on the Government-adopted National Themes, Outcomes, and Measures ('TOMs') Framework, widely recognised as the best standard for measuring and reporting on social value.



ESG RECOGNITION

Our responsible business awards and accreditations

We take our responsibility to be 'sustainability led' seriously. Whilst recognition by awarding bodies of our ESG credentials plays an important role in validating our activity and benchmarking our performance, we are driven by our own aspirations, and those of our stakeholders, to prioritise our future activity.

Transparency is a key component in building trust. Our ESG data book provides an in-depth insight into our disclosures and includes our relevant Global Reporting Initiative ('GRI'), Sustainability Accounting Standards Board ('SASB'), UN Sustainable Development Goals ('SDGs') and Principal Adverse Impacts ('PAIs') data points.

Sustainalytics

We have again been recognised as a top rated company, receiving an ESG rating of 14.7 and assessed as low risk, placing us in the top 5% of utility companies.

FTSE4Good

We remain part of the FTSE4Good Index, demonstrating our strong ESG performance.

Green Economy Mark

Awarded the London Stock Exchange Green Economy Mark in 2023.

FTSE Women Leaders Review

In 2023/24, we achieved first place as the best performing FTSE100 company for representation of women on the Board.

ISS ESG

We received a B+ 'Prime' status for our 2023 assessment, placing us in the top three of the 40 water and waste utility companies assessed.

Fair Tax Mark

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

Social Mobility Employer Index

We ranked 8th, out of 143 entries, on the Social Mobility Employer Index, the highest of any utility company in 2023.

CDP

In 2023, we received a CDP A- rating and were recognised as a Supplier Engagement Leader.

MSCI

As of November 2023, we received an ESG rating of A (scale AAA to CCC).

Corporate Knights

Ranked as one of the top 100 most sustainable businesses in the world in the Corporate Knights Global 100 Index 2024.

CIPS Procurement Excellence Standard Programme Accreditation

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

WONDERFUL ON TAP

SEVERN TRENT

Severn Trent Plc
Sustainability Report 2024

Severn Trent Plc
Registered office:
Severn Trent Centre
2 St John's Street
Coventry
CV1 2LZ

www.severntrent.com

Registered in England and Wales
Registration number: 2366619

luminous

Consultancy, design and production
www.luminous.co.uk