

SEVERN TRENT CONNECT

ANNUAL PERFORMANCE REPORT

2025/26

WONDERFUL ON TAP



CONTENTS

Section	Page	Description
WELCOME TO THE ANNUAL PERFORMANCE REPORT	3	
OUR APPROACH TO BOARD LEADERSHIP, TRANSPARENCY, AND GOVERNANCE	4	This section sets out how we apply Ofwat's Board leadership, transparency, and governance principles to ensure effective corporate governance is delivered through strong Board leadership.
OUR BOARD STATEMENTS • Risk and Compliance Statement • Accuracy and Completeness of Data and Information Statement	6	This section contains the Board Risk and Compliance Statement and Accuracy and Completeness of Data and Information Statement.
REGULATORY STATEMENTS • Disclosures required by RAG 3 • Ring-fence Certificate • Certificate of Adequacy • Accounting Methodology Statement	10	This section contains the statements required by the terms of our license conditions and the statutory requirements set out in the Water Industry Act 1991.
ANNUAL PERFORMANCE SUMMARY	15	This section contains an overview of our key performance measures for the year
Regulatory Accounts for year ended 31 March 2026	20	

WELCOME TO THE SEVERN TRENT CONNECT ANNUAL PERFORMANCE REPORT 2025/26

This Annual Performance Report ('APR') covers the period from 1 April 2025 to 31 March 2026.

The APR provides our customers and other stakeholders with clear and transparent information on all aspects of our performance in 2025/26.

Providing accurate, clear, and understandable information which can be trusted by our stakeholders is important to us and ensures our customers and stakeholders can clearly see how we have performed.

The aim of this APR is to provide customers and stakeholders with:

- A clear and assured account of our financial performance based on Ofwat's regulatory accounts framework, enabling customers and stakeholders to consistently assess our relative and absolute performance;
- A clear, accurate and assured account of our operational performance during the year; and
- An understanding of the actions we have taken to address areas where our performance has not met our expectations.

OUR APPROACH TO BOARD LEADERSHIP, TRANSPARENCY, AND GOVERNANCE

Severn Trent Services (Water and Sewerage) Limited (trading as Severn Trent Connect) (the 'Company') has been part of the Severn Trent Group since 2014. The Company is registered in England and Wales under company number 08880470 and is a company limited by guarantee. It is directly owned by Severn Trent Services International (Overseas Holdings) Limited, with its ultimate parent company being Severn Trent Plc. The Company forms part of the Severn Trent Group, and there were no changes to its ownership structure during the reporting year. Further information regarding the Company's ownership and related undertakings is set out in the Company's statutory financial statements and the Severn Trent Plc Annual Report 2025/26.

Severn Trent Connect has full responsibility for all aspects of its business as an Appointee.

BOARD GOVERNANCE ARRANGEMENTS

Our Board comprises the Directors of Severn Trent Connect and has full responsibility for overseeing all aspects of the Company's business, including setting its strategy. This enables the Board to discharge oversight of the Company's performance for customers and the environment, both now and over time, and hold management to account. The Board's role is to ensure the long-term sustainable success of the Company by setting our strategy through which value can be created and preserved for the mutual benefit of our customers, employees, and the communities we serve. The Board provides rigorous challenge to management and ensures the company maintains an effective risk management and internal control system.

The Board places significant emphasis on effective governance and high-quality decision-making for the benefit of the Company's stakeholders. Supported by the Company Secretary, the Chair oversees the development of Board agendas and the forward plan to ensure appropriate consideration of the Company's strategy, culture and values, customer and environmental outcomes, business performance, and matters reserved for Board approval. Flexibility in the programme is important to permit key items to be added to any agenda, so that the Board can focus on evolving and important matters at the most appropriate time.

To ensure sound information flows to the Board, meetings are supported by high-quality reports that provide a transparent account of the Company's performance. There are currently three Directors that serve on the Board. The Severn Trent Connect Board has the appropriate balance of skills, experience, and knowledge to take complete responsibility for setting the long-term strategy of the Company and oversee its implementation.

The Board is supported by the Company Secretary, to whom all Directors have access for advice and corporate governance services, including seeking independent advice as required.

There is a Group Conflicts of Interest Policy in place, applicable to Severn Trent Plc and its subsidiaries, including Severn Trent Connect, supported by an established process for identifying and managing conflicts where they arise.

Within Severn Trent Connect, conflicts of interest are considered as part of the Director appointment process, with Directors required to declare any actual or potential conflicts at the outset of each meeting. This includes consideration of other external appointments and interests. The Board maintains and reviews the Conflicts of Interest Register on a periodic basis and, during the year under review, no matters of concern were identified.

Where a conflict arises, Directors are required to act in accordance with their statutory duties under the Companies Act 2006, including the duty under section 172 to act in good faith in a manner most likely to promote the success of the Company whilst having regard to relevant stakeholder interests.

A copy of the Group Conflicts of Interest Policy is publicly available on the Severn Trent website.

DELEGATION OF AUTHORITY

The Board delegates certain roles and responsibilities to its Management. Management assists the Board by discharging their duties effectively, reporting to the Board on decisions and actions taken, and making any necessary recommendations to the Board in line with the Matters Reserved for the Board.

The Board reserves for its own determination matters of strategic and regulatory importance. To facilitate effective delegation, the Severn Trent Group Authorisation Arrangements ('GAA') are the mechanism by which the Board delegates its financial authority, which authorises Management to make decisions that commit the Company to financial obligations, rather than every decision having to be approved by the Board. The GAA is reviewed annually to ensure that limits remain appropriate.

The Severn Trent Plc Group Remuneration Committee (the 'Remuneration Committee') operates on behalf of all companies within the Group. The Group Remuneration Policy is aligned to the Group's purpose, strategy and values to incentivise performance delivery for customers and the environment, both now and in the future. In addition to the Group Remuneration Policy, and the criteria for awarding short and long-term performance related remuneration; in overseeing remuneration outcomes, the Remuneration Committee ensures that performance is assessed in the round and over time through a number of lenses, incorporating a variety of stakeholder perspectives.

The Severn Trent Plc Remuneration Committee is wholly comprised of Independent Non-Executive Directors. We consider that the governance arrangements in respect of the Remuneration Committee are appropriate, as Severn Trent Connect forms part of the Severn Trent Plc Group, employee pay is determined within a unified remuneration structure and a consistent policy framework. Central to the Group's Remuneration Policy is the use of measurable targets against which payments can be made.

BOARD APPOINTMENTS AND INDUCTION

The Company operates a detailed, tailored induction for new Non-Executive Directors. This includes one-to-one meetings with each of the existing Non-Executive Directors. One-to-one meetings are also arranged with the Company Secretary, along with other members of Management as required.

New appointments to the Severn Trent Plc Board are made through a formal, rigorous, and transparent process, with final approval reserved to the Board.

Signed for and on behalf of the Board

Jonathon Wroe



Director

OUR BOARD STATEMENTS

RISK AND COMPLIANCE STATEMENT

Severn Trent Services (Water and Sewerage) Limited (trading as Severn Trent Connect) (the 'Company') is a statutory sewerage undertaker. This Statement covers the period from 1 April 2025 to 31 March 2026.

The approach to complying with statutory and regulatory obligations is based on Severn Trent Plc's framework for governance and controls; known as Licence to Operate. Our Licence to Operate process is an internal control system and a key part of our Governance Framework designed to ensure compliance against all of our regulatory obligations and duties.

Our Compliance Team oversees the Framework and ensure that managers across the Company are aware of their statutory and regulatory duties. Training and support workshops are provided to new duty owners to ensure that their processes and requirements are understood, as well as providing refresher training for existing duty owners. The Company's Board provides strategic governance for the Company and oversees any delegation of authority to its Executive Management Team to manage business operations.

We know how important it is to our customers and wider stakeholders that our reporting contains reliable data and information. To give confidence that our publications have been well prepared and are consistent with our robust internal processes we are open and transparent about the processes we follow for our reporting. This section provides oversight of our assurance framework and compliance processes in relation to our APR. Our robust frameworks and internal controls support the Board to make a number of signed statements within this report.

The Company takes a targeted approach to data assurance, based on Ofwat's guidance of proportionality. We have clear lines of ownership for both the delivery of performance, and the accuracy of the data provided. Our regulatory, statutory and legal obligations are assigned to managers, senior leaders and Directors. These managers are responsible for ensuring compliance with our regulatory duties and raising potential risks or issues of non-compliance.

As a minimum, first and second-line assurance checks are carried out on all external publications, with first-line checks being conducted by the Executive Management Team and second-line checks carried out by informed subject matter experts internal to the Severn Trent Group, but external to the Company. Third-line assurance checks conducted by independent external auditors are carried out on the **Severn Trent Connect 2025/26 Final Accounts (the 'Statutory Accounts')**.

Day-to-day operations are managed via the Company's in-house Operations and Service Delivery functions.

As required under Licence Condition P; Ring-fencing, contracts with associated companies are established through arms' length trading relationships. Contract performance is monitored on an ongoing basis to identify risks and opportunities.

Signed for on behalf of the Board

Jonathon Wroe



Director

DEPARTURES FROM THE STATEMENT

Exceptions from the Statement

Two departures have been identified for inclusion within this year's Risk and Compliance Statement relating to P1: Performance – Non-Financial Information (Columns 43–45).

In line with the Company's commitment to transparency and robust governance, all identified departures, irrespective of materiality, are subject to review and scrutiny by the Executive Committee prior to Board endorsement and publication. This process ensures that material risks, issues, and amendments are appropriately assessed and communicated across the business.

Departure 1 – Amendment to Reported Sewer Length Data

Updated wastewater network projections have resulted in a net reduction to the reported 2024/25 sewer length figures following the correction of previously reported data. The revised position reflects the most accurate and up-to-date information currently available, together with identified additions forecast for 2026 at selected sites.

Overall reported sewer lengths have reduced from 15.27 km to 13.21 km. This movement is primarily attributable to:

- a minor reduction in reported sewer lengths at Wellesley; and
- a more significant reduction in reported sewer lengths at Aurum Green.

Future additions have only been identified at the Wellesley site.

The table below is included within the APR Performance Tables P1.

Site	Category	Original 2025 (km)	Corrected 2025 (km)	2026 Additions (km)
Wellesley	Foul	5.06	4.398	1.10
	Surface	6.47	6.975	2.79
	Total	11.60	11.37	3.89
Aurum Green	Foul	1.584	0.767	—
	Surface	2.09	1.073	—
	Total	3.67	1.84	—
Combined Total	—	15.27	13.21	3.89

Departure 2 – Wastewater Treatment Permit Compliance Exceedances

The wastewater treatment permit compliance exceedances referenced (Ammoniacal Nitrogen permit compliance) within the APR were associated with multiple shock load events involving elevated-strength effluent received at the treatment works. At the time of the incidents, a contractor had been undertaking pumping station cleaning activities in close proximity to the inlet works.

Analytical results obtained from composite sampling undertaken during the period indicated the presence of septic material, alongside visually identified fats, oils and grease ('FOG'), entering the treatment process during these activities. The elevated organic loading is considered to have temporarily inhibited biological treatment performance, contributing to the subsequent permit compliance exceedances.

The incidents did not result in a total biological loss within the treatment filters and, following operational assessment, the most appropriate response was determined to be controlled natural recovery of the biological treatment process.

The incidents were reported to the Environment Agency ('EA') in accordance with regulatory requirements. While the EA was not directly involved operationally at the time of the incidents, the events were subsequently assessed and classified by the EA as Category 3 (Minor Impact).

The EA impact classifications are defined as follows:

1. **Major Impact** – a major impact on human health, quality of life, or the environment.
2. **Significant Impact** – a significant impact on human health, quality of life, or the environment.
3. **Minor Impact** – a minor impact on human health, quality of life, or the environment.
4. **No Impact** – no impact on human health, quality of life, or the environment

ACCURACY AND COMPLETENESS OF DATA AND INFORMATION STATEMENT

Transparency is one of the most important things in our sector and we are focused on delivering for all of our stakeholders, particularly our customers, upholding the highest levels of corporate governance and demonstrating transparency in our reporting so our stakeholders can hold us to account. With this in mind, the assurance process we apply to the information and data we publish is vital to ensure that it can be trusted by all.

We have an established, rigorous, and robust assurance and performance reporting framework to support the Board when approving the publication of data and information contained within regulatory documents. It ensures that managers, senior leaders and Directors are responsible and accountable for delivering high quality data through robust processes. We continue to develop our assurance approach to take account of evolving best practice and changing regulatory requirements.

ROBUST ASSURANCE

We operate an established and robust three lines of assurance model, which is explained in greater detail in our Risk and Compliance Statement. Using a risk-based approach we provide an effective programme of assurance which ensures we can continually reassess our assurance activity as risk changes or new emerging risks occur. Data and information are approved by data owners, senior leaders, and Directors. Following which, the Board apply scrutiny before approving for publication.

EFFECTIVE GOVERNANCE

Severn Trent Services (Water & Sewerage) Limited is an operating subsidiary of Severn Trent Plc, a UK publicly listed Company, and is therefore aligned to the high standards expected under the Financial Conduct Authority (FCA) Listing Rules and UK Corporate Governance Code.

The Severn Trent Plc Board retains overall responsibility for the Group's strategy and performance, supported by its Committees, which oversee specific areas of activity, report to the Severn Trent Plc Board on decisions and actions, and make recommendations in line with their Terms of Reference. The Governance Framework is subject to periodic review to ensure it remains appropriate and effective. Further detail is provided in Severn Trent Plc Governance section: www.severntrent.com/about-us/governance/.

THIRD PARTY AUDIT

In accordance with our three lines of assurance model, the third line of assurance was conducted by an independent third-party audit company. In preparing this year's regulatory reports, the Statutory Accounts have undergone a third-party audit by PwC.]

Adopted Developer-Funded Assets

During the reporting year, ST Connect completed a review of its balance sheet and recognised approximately £8 million of developer-funded sewerage assets across FY25 and FY26. As the assets were transferred at nil consideration, their recognition has no impact on profit or loss or shareholder equity and does not affect the financial performance reported within the statutory accounts. The adjustment ensures that the balance sheet more accurately reflects the assets operated by the Company and aligns with the applicable accounting requirements.

CONSIDERATIONS OF THE BOARD

The Board considers that the Company has applied the governance and assurance frameworks described within this APR. Following reasonable and relevant enquiries, our Board believe the processes and internal controls have been applied in a manner which has enabled it to satisfy itself, to the extent that it is reasonably able to do so, that the data and information provided to Ofwat in the reporting year, and information published in our role as a wastewater undertaker is accurate and complete in all material respects.

Signed for and on behalf of the Board

Jonathon Wroe

A handwritten signature in black ink, appearing to read 'Jonathon Wroe', with a stylized flourish at the end.

Director

REGULATORY STATEMENTS

The following section contains the statements required by the terms of our licence conditions and the statutory requirements set out in the Water Industry Act 1991 and where required, are endorsed and signed by the Board.

DISCLOSURES REQUIRED BY RAG 3

Link between Directors' pay and standards of performance.

This Statement is made in accordance with Section 35A of the Water Industry Act 1991 (WIA91) on behalf of Severn Trent Services (Water and Sewerage) Limited (trading as Severn Trent Connect) (the 'Company').

Where appropriate, the remuneration of the Directors for the financial year ending 31 March 2026, is in accordance with the arrangements as set out in paragraph 3 of section 35A of the WIA91. Arrangements fall within this subsection if they are arrangements for linking the remuneration of the Directors of the Company to standards of performance in connection with the carrying out by the company of the functions of a relevant undertaker.

The Group Remuneration Policy (the 'Policy') is determined by the Severn Trent Remuneration Committee (the 'Committee') and approved by our shareholders at the AGM. The Committee operates on behalf of all Group companies and applies rigorous scrutiny to the remuneration practices of the Group. The Policy is aligned to the purpose, strategy and values of the Severn Trent Group, thereby incentivising excellent customer service and the creation of long-term value for all our stakeholders. While the Policy applies primarily to the Executive Directors of Severn Trent Plc, the principles and structures within it are cascaded down through the different levels within the organisation. This includes the Directors of Severn Trent Connect, who participate in both the Group annual bonus scheme and Group long-term incentive plan. Both of these schemes incorporate stretching performance targets that require strong performance and service improvements to be delivered for customers and the environment. Further detail on these schemes can be found on page 130 of the 2026 Severn Trent Plc Annual Report and Accounts.

Signed for and on behalf of the Board

Jonathon Wroe



Director

DIVIDEND POLICY

The Directors of Severn Trent Services (Water and Sewerage) Limited (Trading as Severn Trent Connect) (the 'Company') confirm the Company's compliance with the obligations set out in Licence Condition P; Regulatory Ring-fencing:

The Appointee has in place a Board-approved Dividend Policy which effectively embodies:

- a. The principle that dividends declared or paid should not impair the ability of the Appointee to finance the Appointed Business; and
- b. The principle that dividends should be an incentive which is expected to reward efficiency and the management of economic risk.

Any dividends declared or paid shall be in accordance with the Company's Dividend Policy; policy wording below.

The Company's Dividend Policy is to declare dividends which are consistent with the Company's regulatory obligations and at a level which is decided, each year after consideration of a number of factors, including customer service, regulatory uncertainty, actual and potential efficiencies, future cash flow requirements and balance sheet considerations.

Signed for and on behalf of the Board

Jonathon Wroe

A handwritten signature in black ink, appearing to read 'Jonathon Wroe', with a horizontal line extending to the right.

Director

REGULATORY RING-FENCING CERTIFICATE

The Directors of Severn Trent Services (Water and Sewerage) Limited (Trading as Severn Trent Connect) (the 'Company') confirm the Company's compliance with the obligations set out in Licence Condition P; Ring-fencing:

1. The Company confirms that it continues to maintain the financial security arrangements required at the time of its licence grant. The Company has sufficient financial resources and facilities to enable it to carry out its regulated activities until at least 31 March 2027. In accordance with Licence Condition P, a Deed of Undertaking is in place with Severn Trent Plc, the Company's ultimate parent company, providing financial support of up to £2 million should it be required. This facility has not been utilised to date. Accordingly, the Board is satisfied that the Company continues to meet the financial security requirements set out in Ofwat's guidance.
2. The Company has sufficient management resources and systems for internal control to enable it to carry out its regulatory duties until at least 31 March 2027;
3. The Company has sufficient rights and non-financial resources to enable it to carry out its regulated activities until at least 31 March 2027;
4. All contracts entered into between the Company and any associated companies are at arm's length and include the necessary provisions and requirements in respect of the standards of service required by the Company to ensure it is able to carry out its regulatory duties.

Signed for and on behalf of the Board

Jonathon Wroe



Director

Condition P – Ultimate Controller Undertaking

Severn Trent Services (Water and Sewerage) Limited
2 St. Johns Street
Coventry
CV1 2LZ

8 July 2026

Severn Trent Services (Water and Sewerage) Limited Condition P – Ultimate Controller Undertaking

This Deed of Undertaking is made the 8th day of July 2026.

In compliance with Condition P of the Instrument of Appointment of Severn Trent Services (Water and Sewerage) Limited (the “Appointee”) as a sewerage undertaker (the “Appointment”), Severn Trent Plc hereby undertakes to the Appointee, for so long as it remains an Ultimate Controller and the Appointee retains the Appointment, that:-

- (a) those persons providing the undertakings will, and will procure that each of their subsidiaries (other than the Appointee and its subsidiaries) will give to the Appointee all such information as may be necessary to enable the Appointee to comply with its obligations under the Act or the conditions of the Appointment;
- (b) those persons providing the undertakings will, and will procure that each of their subsidiaries (other than the Appointee and its subsidiaries) will refrain from any action which would or may cause the Appointee to breach any of its obligations under the Act or the conditions of the Appointment;
- (c) those persons giving the undertakings will ensure that at all times after the Water Services Regulation Authority has given notice to the Appointee that it considers it appropriate the Board of the Appointee contains no less than two independent non-executive Directors, who shall be persons of standing with relevant experience and who shall collectively have connections with and knowledge of the areas within which the Appointee holds the Appointment and an understanding of the interests of the customers of the Appointee and how these can be respected and protected; and
- (d) those persons providing the undertakings will at all times immediately and on receipt of written demand from the Appointee pay to the Appointee such money (up to a maximum aggregate liability of £2 million) as may be necessary to enable the Appointee to comply with its obligations under the Act or the conditions of Appointment.

In this Undertaking, “Ultimate Controller” means any person who or which (alone or jointly with others and whether directly or indirectly) is (in the reasonable opinion of the Water Services Regulation Authority) in a position to control, or to exercise material influence over, the policy or affairs of the Appointee or of any holding company of the Appointee; and “subsidiary” has the meaning in Section 1159 of the Companies Act 2006.

On behalf of the Board of Severn Trent Plc



James Jesic

Chief Executive

ANNUAL PERFORMANCE SUMMARY

We remain firmly focused on delivering for our customers and wider stakeholders, while maintaining the highest standards of corporate governance and transparency. This Annual Performance Report reflects that commitment, providing a clear and comprehensive account of our performance for the year ended 31 March 2026.

TAKING CARE OF ONE OF LIFE'S ESSENTIALS

We are guided by our purpose of taking care of one of life's essential services. By remaining focused on this purpose, we strive to deliver positive outcomes for our customers, communities, employees and wider stakeholders. The services we provide play an important role in supporting the daily lives of the families, businesses and communities we serve, and we recognise the responsibility that comes with this.

Our values - Having Courage, Showing Care, Taking Pride and Embracing Curiosity - underpin the way we operate and support our commitment to delivering reliable services, protecting the environment and providing value for customers. These values help ensure that we continue to act responsibly, transparently and in the best interests of our stakeholders.

Our wastewater network and pumping stations collect wastewater and transfer it to our treatment works for processing. At our treatment facilities, wastewater is screened, filtered and treated to meet stringent environmental standards before being safely returned to the environment.

DELIVERING FOR CUSTOMERS

The services we provide are essential to the daily lives of our customers, and we recognise the importance of delivering them reliably and consistently. We are committed to providing a high standard of service to our customers 24 hours a day, 7 days a week, throughout the year.

We reinforce this commitment through our Guaranteed Standards Scheme ('GSS'), which provides compensation to household customers where required service standards are not met. During 2025/26, we recorded zero failures against the scheme and therefore no compensation payments were required during the year. The minimum compensation payment available under the scheme remains in line with applicable regulatory requirements. We have also reviewed and updated our internal processes and customer communications to reflect the revised GSS payment levels introduced from October 2025. Information relating to customer rights, compensation arrangements and available support is communicated through customer literature and billing communications.

Throughout the year, we continued to focus on delivering reliable operational performance and maintaining resilient wastewater services for our customers. Our operational teams undertake routine inspections, proactive maintenance and network monitoring activities to help minimise the risk of service interruptions and ensure issues are identified and resolved promptly where they arise.

We are pleased to report that there were zero customer serviceability incidents during the year. Our inspection and proactive maintenance programmes have helped ensure that our wastewater networks continued to operate effectively throughout the reporting period.

In the event of a serviceability issue, we have robust processes and response measures in place to identify and rectify issues promptly, helping to minimise disruption and inconvenience to customers. During the year, we recorded no internal sewer flooding incidents, no external sewer flooding incidents and no pollution incidents affecting customers.

During the year, our billing partner, South East Water, received 10 customer complaints relating to billing matters. We understand that customers were directed towards available social tariff schemes where appropriate or supported through manageable repayment arrangements. While Severn Trent Connect works closely with its billing partner to support customers, responsibility for the operation and administration of the billing system rests with South East Water.

As a new appointee, Severn Trent Connect continues to operate in accordance with the "no worse off" principle, with the objective of ensuring that customers receive levels of service and support comparable to those provided by the local incumbent undertaker.

During 2025/26, we received correspondence from Ofwat following its review of our "no worse off" performance assessment. We welcomed the feedback provided and subsequently developed a draft action plan to address the areas identified. These actions included enhancements relating to customer

communications, the visibility of complaints processes, awareness of the Priority Services Register ('PSR'), and reporting associated with Licence Condition G.

Following submission of the draft action plan, Ofwat indicated that it was supportive of the proposed direction of travel and did not raise any material concerns. A number of the issues initially identified arose from a misunderstanding of Severn Trent Connect's role as a sewerage-only provider. The finalised action plan was submitted to Ofwat in June 2026. However, we had already commenced implementation of a number of improvements, including strengthening customer communications through developer publications and updates to the Severn Trent Connect website.

Our approach to customer service and support remains aligned with the principles set out within Licence Condition G (Principles for Customer Care). We continue to work closely with our service partners to provide accessible customer support, clear communications, and appropriate assistance for customers who may be vulnerable or experiencing financial difficulty. During the year, we also reviewed our customer-facing information and support arrangements to improve the visibility of complaints procedures, social tariff support, and PSR information following feedback received through the "no worse off" review process.

VALUE FOR MONEY

We regularly review our levels of service to ensure that the standards we provide are comparable to, or exceed, those of the local incumbent provider. Where we deliver the full wastewater collection and treatment service directly, customers also benefit from a small discount to tariffs relative to those charged by the local incumbent.

CUSTOMER

We recognise the financial pressures that the current economic climate continues to place on many customers and remain committed to supporting those who may be struggling to pay their bills. During 2025/26, approximately 8% of our customers received support through WaterSure and Social Tariff arrangements.

South East Water acts as our retail services partner, managing customer accounts and providing billing services on our behalf. This approach gives customers a single point of contact for both retail and billing matters and ensures that they receive a combined bill covering water and wastewater services. South East Water also maintains records of customers who may be considered vulnerable or who may require additional non-financial support when managing their accounts.

As a new Appointee operating predominantly within recently developed housing sites, the profile of our customer base differs from that of many larger incumbent water and wastewater companies. A significant proportion of properties within our developments are newer homes with comparatively lower levels of deprivation, and a smaller proportion of customers currently eligible for social support schemes. As a result, uptake of social tariffs is currently below wider industry averages.

Despite this, Severn Trent Connect remains committed to increasing awareness and accessibility of the support available. During the year, information relating to WaterSure, social tariffs and payment support options was included within customer and developer communications, including resident newsletters distributed across our developments. We continue to work with South East Water to improve customer awareness, proactively identify potentially eligible customers and encourage uptake of the support schemes available.

Licensing Condition G (Principles for Customer Care)

The activities above are consistent with the principles set out in Licence Condition G (Principles for Customer Care), supporting our approach to delivering good customer service and helping customers who may be vulnerable or experiencing financial difficulty. We continue to review and enhance our customer engagement

and support arrangements to help ensure customers are aware of, and able to access, the assistance available to them.

DELIVERING FOR THE ENVIRONMENT

The natural environment is critical to our business, we are constantly interacting with it, and we need to protect and enhance it whenever we can.

WASTEWATER TREATMENT

We recorded two ammonia exceedances at our Camp Farm Treatment Works during the year, resulting in overall compliance against the ammonia consent of 96.8%. The exceedances were investigated promptly and appropriate operational responses were implemented to minimise any potential environmental impact.

To support long-term operational resilience and environmental performance, Severn Trent Connect is undertaking a significant capital investment programme at Camp Farm Treatment Works. The investment includes upgrades to key treatment processes and associated infrastructure designed to improve treatment performance, increase operational reliability and support continued compliance with environmental permit requirements as flows into the site continue to grow.

The improvement works form part of our ongoing commitment to protecting the environment and maintaining high standards of wastewater treatment performance for our customers and stakeholders.

KEY PERFORMANCE INDICATOR SUMMARY

The table below displays our performance against key metrics. Customer measures are provided by South East Water ('SEW').

Customer	Number of Complaints	Number	10*
Customer	Compensation incidents (against our guaranteed standards of service (GSS))	Number	Nil
	Proportion of customer base on social tariffs (including WaterSure)	% (1d.p.)	7.9**
Wastewater treatment compliance	BOD	% (1d.p.)	100.0
	Ammoniacal Nitrogen	% (1d.p.)	96.8
	Suspended Solids	% (1d.p.)	100.0
	Iron	% (1d.p.)	100.0
	COD	% (1d.p.)	100.0
	Phosphorus	% (1d.p.)	100.0
Wastewater Treatment	Wastewater treatment compliance	% (1d.p.)	96.8%
Wastewater Network	Internal Sewer Floods	Number	Nil
	External Sewer Flooding	Number	Nil
	Pollution Incidents	Number	Nil
	Sewer Blockages	Number	Nil

*During the reporting period, a total of ten (10) customer complaints were received within the Severn Trent Connect New Appointment and Variation ('NAV') area. All complaints related to billing matters rather than sewerage network performance issues.

In response, the Company's billing partner, South East Water, used these customer interactions as an opportunity to promote awareness of, and signpost eligible customers towards, the available social tariff support schemes.

**Social tariff uptake within the customer base is currently 7.9%. However, the current Severn Trent Connect customer base remains relatively small at approximately 1,926 properties. As the customer base continues to expand, and through ongoing customer engagement and promotion of affordability support mechanisms, the Company anticipates that social tariff uptake will, over time, align more closely with wider industry averages.

REGULATORY ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2026**NOTES TO THE REGULATORY ACCOUNTS****ACCOUNTING METHODOLOGY STATEMENT**

The Company uses SAP to keep its accounting records. Using a pre-defined chart of accounts, we have configured the system to record transactions using specific cost drivers and expense types. This configuration allows for each transaction to be clearly defined into more than one cost type, allowing for a transaction to be identified as retail or wholesale, and either household or non-household. Any overhead costs identified are allocated to retail/wholesale based on estimated time allocation from management.

All transaction postings made to SAP are checked on a monthly basis by accounting professionals dedicated to supporting the business and also reviewed by management to ensure consistency and accuracy of transaction coding. Any coding errors discovered are immediately corrected by posting an accounting journal to SAP.

REVENUE RECOGNITION

Turnover represents income receivable from regulated wastewater activities, excluding value added tax.

Turnover includes an estimate of the amount of wastewater charges unbilled at the year end. The accrual is estimated using a defined methodology based upon a measure of unbilled water consumed by tariff, which is calculated from historical billing information and validated by experts in the area. There have been no changes in methodology in the year.

The Water Industry Act 2014, Chapter 1 A 'Licensing of Water Suppliers' describes the duties imposed on a water and sewerage undertaker and the licence conditions involved. Regulated activities are consequently those activities that are necessary in order for the appointee to fulfil the functions and duties of a water and sewerage undertaker.

Turnover is not recognised in respect of unoccupied properties. Properties are classified as unoccupied when:

- The Company is informed that a customer has left a property and it is not expected to be reoccupied immediately;
- New properties are connected but are not occupied;
- Properties are disconnected following a customer's request; or
- The identity of the customer is unknown.

The following activities are undertaken to ensure properties classified as unoccupied are in fact not occupied:

- Where the Company is informed that the customer has left a property and the property is expected to be occupied by someone else, a welcome letter is sent to the property encouraging the occupier to contact the Company;
- If there is no response to the welcome letter within two months a void letter is sent to the property explaining that we have classified the property as empty and may schedule the property for disconnection;
- Meter readings are taken for metered unoccupied properties; where consumption is recorded, a letter is sent to the property; and
- Inspections are organised throughout the year by geographical area.

Non-appointed income relates to advisory services provided by the business.

BAD DEBTS

Provisions are charged to operating costs to reflect the Company's assessment of the risk of non-recoverability of debtors based on the lifetime expected credit losses for receivables.

Write-offs in relation to court or debt recovery costs are not included in the bad debt provision.

Debt can only be written off if it is a legitimate charge against the debtor (if it is considered that part or all of the debt is incorrect or unsubstantiated, then such elements are dealt with through the issue of a credit note) and if one of the following criteria is met:

- The customer does not have any assets or has insufficient assets on which to levy execution;
- The customer is bankrupt, and no dividend has been, or is likely to be, received;
- The customer has died without leaving an estate or has left an insufficient estate on which to levy execution and the Company has been unable to prove its case in court; or
- All available economic options for collection of the debt have been pursued or that debt recovery procedures have proved to be ineffective or uneconomic to continue.

Uneconomic circumstances are those where following the application of debt recovery procedures:

- The customer could not be traced without incurring an unreasonable degree of expenditure; or
- The Company has an insufficiently sound case to justify further expenditure on debt recovery procedures; or
- The likelihood of recovering the debt is so small in particular circumstances that further expenses on debt recovery cannot be justified.

The above write-off rules apply primarily to customers to whom the Company has ceased to provide a service. Only in exceptional circumstances is debt relating to continuing customers considered for write-off.

Trade related receivables were £0.523m at year-end which is slightly lower than prior year. There was a charge for doubtful debts recorded relating to household customers of £0.08 million, which was driven by the age of debt over 12 months overdue showing an increase compared to the prior year. These debts are being actively pursued but have been provided in line with the Company's policy on doubtful debt recovery.

2025/26 REGULATORY REPORTING TEMPLATE ALIGNMENT

This section has been added to align the Annual Performance Report with the requirements identified in the Ofwat New Appointee Regulatory Reporting Tables 2025/26 template.

Financial Reporting Tables (F1–F5)

The Company has prepared the required financial reporting tables covering analysis of revenue and operating costs, income statement, statement of financial position, statement of cashflows and net debt analysis in accordance with the applicable Regulatory Accounting Guidelines.

Transactions with Associates

All material transactions between the Appointee and associated companies have been identified and disclosed where required. Transactions are undertaken on an arm's length basis and are subject to the Company's governance and approval controls.

Performance Reporting (P1–P4)

Operational and customer performance information has been prepared in accordance with Ofwat definitions for new appointees and has been subject to internal assurance and review.

Board Assurance and Governance

The Board has reviewed the governance, assurance and reporting processes supporting this Annual Performance Report and the associated regulatory reporting tables.

Data Assurance and Methodologies

The Company continues to improve reporting controls, data traceability and methodology documentation to support consistent and transparent regulatory reporting.