

## 2021 LTIP measures

Under the Remuneration Policy approved by shareholders at the 2020 AGM, executive directors are granted annual awards of shares under the Company's Long-Term Incentive Plan (LTIP).

As outlined in the Directors Remuneration Report for 2020/21, the target setting process for the 2021 LTIP was deferred in light of the acquisition of Bristol Water. This was to ensure that any targets for the three-year period ending 31 March 2024 were aligned with the long-term strategic priorities and focus on UK Water.

The metrics, as agreed by the Remuneration Committee, for the 2021 LTIP are as follows:

Performance measures	2021 LTIP targets Based on performance to financial year ending 31 March 2024
<b>Return on Regulated Equity</b> (33% weighting)	6% to 8%
<b>Sustainable dividends</b> (33% weighting)	2.6x to 3.6x
<b>Basket of Customer Measures</b> (33% weighting)	Relative Performance to Peers to Ranking 1 Trustpilot Score 4.5 - 5.0

### Notes:

- Awards were granted to executive directors in July 2021. The maximum award was equivalent to 150% of salary.
- The measures have been updated to reflect our focus on UK Water and our service to our customers with the inclusion of a Basket of Customer Measures, which includes C-Mex, R-Mex, D-Mex and our Trustpilot Score.
- The target ranges for Sustainable Dividends remains unchanged and Return on Regulated Equity has been included. This is an industry measure and incorporating this into the LTIP is in keeping with the sector approach.
- In line with the Remuneration Policy, the Committee will retain discretion to adjust final vesting outcomes to reflect underlying financial or non-financial performance of the individual or the Group, consideration of overall performance in the round, and/or circumstances unforeseen or unexpected when the targets were set.
- Malus and clawback provisions will continue to apply to all incentive awards.
- Further details on the remuneration arrangements for executive directors are set out in the 2020/21 Directors' Remuneration Report.