



Under the Remuneration Policy approved by shareholders at the 2023 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 2024/25, the target setting for the 2024 LTIP was deferred in light of the election of a new Government followed by the prospect of new legislation and evolving guidance from Ofwat. Now the Water (Special Measures) Act and its guidance are clearer the Remuneration Committee have reviewed and the metrics, as agreed by the Remuneration Committee, for the 2024 LTIP are as follows:

Measure	Weighting	Threshold	Maximum
Financial (50%)			
Return on Regulated Equity (RORE)	50%	-1% below the allowed cost of equity	+0.5% above the allowed cost of equity
Water Quality and Environment (30%)			
EPA – cumulative stars	10%	9*	12*
Wastewater Pollution reduction			
Cat 1-2	2.5%	6	0
Cat 1-3	7.5%	20% reduction	50% reduction
Storm overflow reduction	10%	15% reduction	30% reduction
Customer Experience (20%)			
Customer Metrics: C-MeX (50%); D-MeX (10%); R-MeX (10%); MPS (10%); affordability (10%)	10%	Median	Upper Quartile
Trustpilot (10%)		4.5	5
Social impact from community investment	5%	Baseline	Baseline +3%
WaterShare+	5%	Maintain	+10% participation

At the time the Annual Report & Accounts were approved, the Committee were yet to conclude on the incentive structure for FY25/26. The Committee subsequently agreed to maintain the incentive structure previously approved by shareholders. The targets for the 2025 LTIP will be consistent with those set out above.