RECONNECTING LONDON WITH THE RIVER THAMES

Tideway

ANNUAL REPORT 2024/25

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Aerial view of Heathwall Pumping Station.

WELCOME TO TIDEWAY'S ANNUAL REPORT AND ACCOUNTS FOR 2024/25.

Bazalgette Tunnel Limited, trading under the name Tideway, began operating as an independent regulated water company in August 2015, when Ofwat awarded us our Licence to design, build, commission, maintain and finance the Thames Tideway Tunnel.

Tideway is a privately financed company. However, our ambition for this engineering endeavour goes beyond building a 25km tunnel, the 'super sewer', to stop tens of millions of tonnes of sewage polluting the Thames each year. We want to transform the River Thames, leaving it cleaner and changing how Londoners use it.

The joy and prosperity a cleaner river will provide for Londoners will be our legacy once the project is complete.

DOWNLOAD
ANNUAL PERFORMANCE REPORT 2024/25

STRATEGIC OBJECTIVE

HIGHLIGHTS

HEALTH, SAFETY & WELLBEING

No major injuries during construction.

No reportable 3 or 7 day accidents during the year.

COMPANY & PEOPLE

50 Iconic projects.

Diversity at **38%**

VISION, LEGACY & REPUTATION

Environmental **Project of the Year.**

'Sewage prevented from the River Thames' **tracker launched.**

80% Legacy commitments achieved.

More by River approach to transport **avoided > 700,000 two-way HGV journeys.**

SCHEDULE, COST & QUALITY

7 million m³ sewage captured.*

2024 International Tunnelling Association Awards – **Major Project of the Year.**

Project of the Year at the 2024 British Construction Industry Awards.

National Infrastructure Commission Design **Principles Award.**

Bill impact within £20-25 range.

FINANCING

21 Months liquidity.

* 7 million m³ of sewage discharges prevented from entering the Thames (as at 13/06/25) – figure regularly updated on www.tideway.london

Chair's Introduction

It was a privilege to become Chair of the Tideway Board in October, when Sir Neville Simms stepped down after 9 years' outstanding service to our organisation.

This has been a pivotal year for Tideway, as we marked the end of the construction phase of the project and began looking ahead to our future as an asset ownership company.

I have been thrilled to see our progress, culminating in switching the system on and protecting the Thames for the first time. To date we have prevented more than 7 million cubic meters of sewage pollution from spilling into the river. This is a remarkable achievement, and we are all immensely proud of it. As we start to celebrate what is a marvel of engineering, it was my pleasure to welcome His Majesty The King to our Blackfriars site in May where he met many members of the team. This was a real moment for Tideway and underlined the national significance of what we have been working towards.

Once again, this year we report strong performance against our health, safety and wellbeing objectives; our programme; and our social and environmental legacy. The Board has scrutinised and supported all areas of performance, and you can read about our work, and the changes in the Board's composition, in the governance section.

Another critical role of the Board is to maintain a view of the external factors affecting our Company.

This has been a year of change with a new government and several developments in the regulatory environment. The issue of sewage pollution and care of our waterways continues to be a matter of great public concern. Our role in communicating and explaining the impact of the project has therefore been extremely important – a positive story, demonstrating that investment can make a real difference.

It is encouraging to hear the growing number of voices citing Tideway as a blueprint for future UK infrastructure projects – and as a proof point that the UK, bringing together international expertise, can deliver worldclass infrastructure.

Performance against the two key metrics of cost and time provide some measure of success. The cost of the project to customers remains within the original estimate, set more than 10 years ago and we remain on course to complete our work ahead of the regulatory date of 2027. But these do not present the full picture. The impact of what we have built goes beyond the Tunnel and the core benefit of a cleaner, healthier Thames. We always wanted to deliver a broader legacy – whether driving up health and safety standards or encouraging greater take-up of careers in Stem and the lessons we have learned in these areas are also ones we are keen to share.

With the government's focus on growth, Tideway is an example of the infrastructure the UK must build if we are to continue to be competitive and grow in a way that benefits all our citizens and protects the environment for the future. Long-term thinking is required to get this right, and we look forward to sharing our significant experience with policy makers, as we have done by contributing to the Cunliffe Review into the water sector.

The years ahead will be exciting for Tideway. We will be closing out the project, moving into the 'system acceptance' period, and redefining the priorities of the company as we move from a project delivery body to asset ownership organisation. Maintaining the trust and support of our stakeholders will remain critical. Our shareholders will start to receive a return on their long-term investment. This is entirely appropriate given their incredible support and acceptance of risk in this major green field project. Reasonable returns for the pension funds and investment institutions that support infrastructure are fundamental to attracting future investment and we should celebrate that many UK pensioners are stakeholders in this successful project.

On behalf of the Board, I must thank everyone involved in Tideway – our team, led by Chief Executive Andy Mitchell and our stakeholders and partners, who have supported us through the myriad of challenges that come with building major infrastructure through the heart of a city.

It is our privilege to be delivering this essential project for the UK and we look forward with optimism to the cleaner, healthier river and more resilient city that we leave behind.

Michael Queen
Chair, Tideway
17 June 2025

Michael Queen, Chair, Tideway

Chief Executive Officer's Introduction

After 10 years, 41 million work hours and the dedicated efforts of more than 25,000 people, I am delighted to report that the Thames Tideway Tunnel is now operating.

Everyone on Tideway takes great pride in the fact that the new infrastructure is now protecting the Thames from pollution.

We also take pride in the way that we have delivered a critical new piece of infrastructure for the UK – one which will support growth and resilience far into the future and becomes part of London's story, as one of the world's greatest cities.

This review sets out our detailed progress in the year, but it is also the culmination of a journey that started even before Tideway was formed as a brand-new company, 10 years ago.

In my introduction to last year's annual report, I highlighted our final construction milestone, when we put the 'lid' on the Tunnel at Abbey Mills Pumping Station.

The 12 months since have marked a different phase for Tideway as we did the critical work to put the new system into operation – the painstaking task of connecting 21 sewage discharge points, some more than 150 years old, with our new tunnel. Connection number one was at Abbey Mills in May 2024, and we completed the final connection with a great sense of achievement, (as well as a fair amount of relief), in February 2025.

At the time of writing, we had prevented more than 7 million cubic meters of sewage from entering the river. A tracker on our website ticks up when the tunnel takes flows – a visible and important symbol of the impact of the tunnel and what the investment is delivering. We have also now started the work to test the quality of the water of the Thames and we look forward to seeing the impact on biodiversity in the coming months and years and sharing our findings.

Through the year our work above ground has also been about connections – between the city, the river and its people.

We completed several new or improved public spaces, areas to gather, sit and contemplate. Each one is architecturally thoughtful with hints to the infrastructure that lies deep beneath and includes specially commissioned artworks inspired by local heritage and character. One of the three new sculptures at Acton Storm Tanks by artist Sarah Staton represents Sir Joseph Bazalgette, whose original sewer network inspired our project.

Once again, this year we have done our work safely, with our ultimate priority being the care of our people. There have been no major injuries or worse since we started work in 2016.

We have also continued to take care to be part of the communities we serve, as considerate neighbours and seeking to deliver benefits beyond the tunnel itself. As part of this commitment we supported the Active Thames programme, with funding for work placements at river-based organisations like the Laburnum Club in Hackney and several other projects that connect Londoners with the river. You can read more about these projects in the Vision, Legacy and Reputation section.

We also continued to contribute to the debate on river health. We were delighted to be a partner organisation as the Mayor of London introduced a programme to transform all waterways in London. The Mayor's work builds on the platform the Tideway project has created, and we will continue to support this agenda.

As we finish the commissioning phase of the project and hand the asset to Thames Water for operation in the coming months, Tideway can look ahead to a very different year.

We will remain as the asset owner and custodian of the tunnel that we have built, and we will play a key role in charting the impact of the project on the Thames. We will also be sharing our experiences of delivering UK infrastructure, but our role and our company will change significantly as we transition to become a 'steady state' asset owner.

In closing this monumental year, I thank the Tideway team in its entirety. This has been a feat of collaboration as much as a feat of engineering – involving thousands of people and hundreds of partners over years, if not decades. Thank you to everyone who has played their part, in reconnecting London with the River Thames.

Andy Mitchell CBE
Chief Executive Officer, Tideway
17 June 2025

His Majesty The King and Tideway CEO Andy Mitchell.

VISION

RECONNECTING LONDON WITH THE RIVER THAMES

WE DO THINGS SAFELY OR NOT AT ALL

PURPOSE

Tideway is responsible for the Thames Tideway Tunnel under the River Thames – creating a healthier environment for London by cleaning up the city's greatest natural asset, now and for the foreseeable future.

DELIVERING OUR PURPOSE AND VISION

We bring our purpose and values to life through what we do and how we do it.

The way we treat each other, and our stakeholders is important to us successfully delivering the project. We have always aimed to transform the way the industry operates so we see a step change in the health and wellbeing of everyone involved in the project, whether that is through our focus on safety and wellbeing in the workplace, volunteering with our charity partners, collaborating with our partners, engaging residents on what we are doing or supporting people to develop skills and find employment.

VALUES

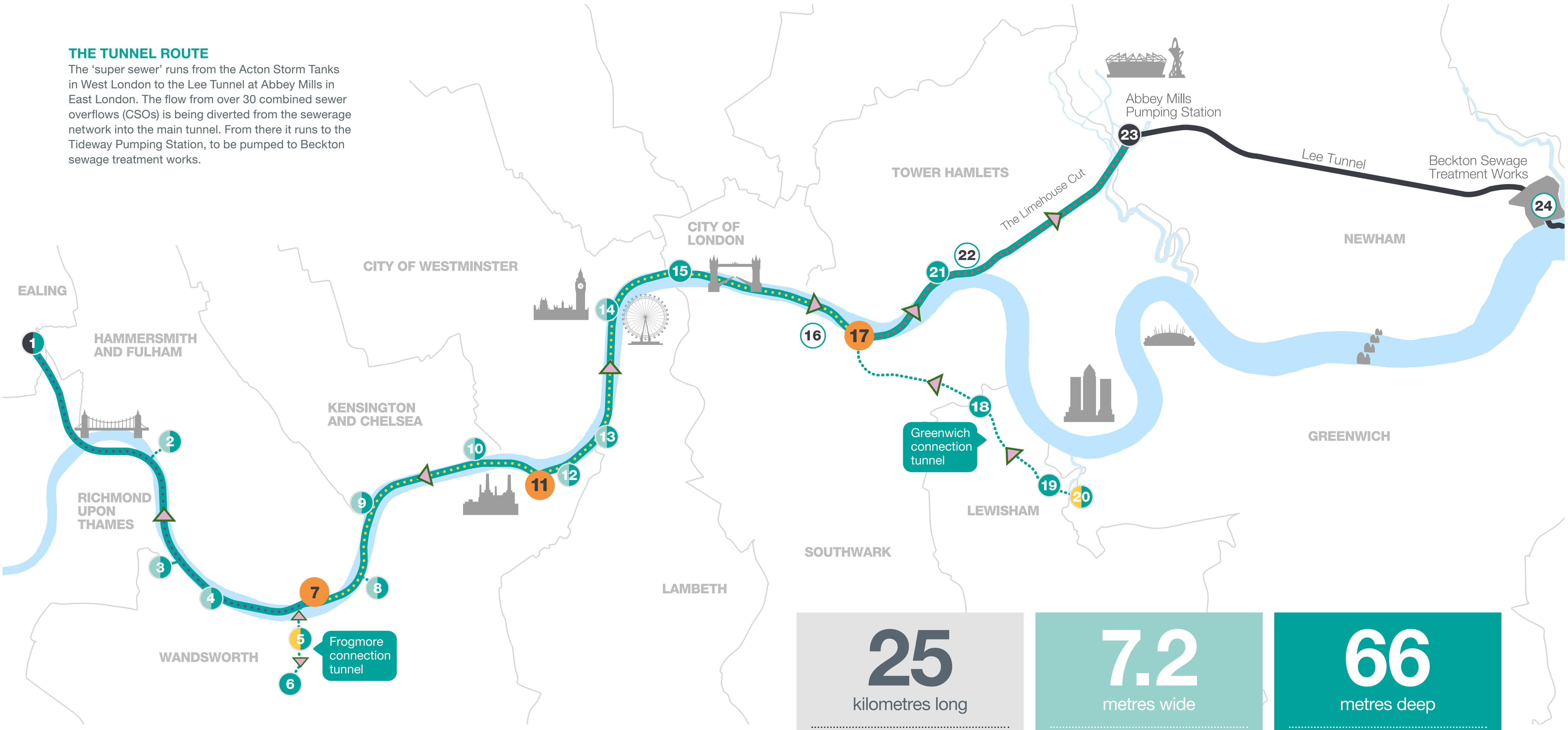
In line with our Purpose and Vision, Tideway has made long term and public commitments as to the broader value and benefits it is seeking to achieve. Our work reflects our values and how we align to the UN Sustainable Development Goals.

	SAFETY	LEGACY	COLLABORATION	RESPECT	INNOVATION	SUSTAINABLE DEVELOPMENT GOALS
BUILD THE THAMES TIDEWAY TUNNEL	●	●	●	●	●	SDG 6, SDG 9, SDG 11
STAKEHOLDERS ENGAGEMENT	●		●	●	●	SDG 17
MENTAL HEALTH	●	●		●	●	SDG 3
EMPLOYERS PROJECT INDUCTION CENTRE (EPIC)	●	●	●		●	SDG 3
MORE BY RIVER	●	●	●			SDG 3, SDG 11, SDG 13
ETHICAL SUPPLY CHAIN	●	●		●		SDG 8, SDG 12
PEOPLE ENGAGEMENT	●		●	●		
DIVERSITY AND INCLUSIVITY			●	●	●	SDG 5, SDG 8
SUSTAINABLE FINANCING		●	●		●	SDG 8, SDG 17

Who We Are & What We Do

THE TUNNEL ROUTE

The ‘super sewer’ runs from the Acton Storm Tanks in West London to the Lee Tunnel at Abbey Mills in East London. The flow from over 30 combined sewer overflows (CSOs) is being diverted from the sewerage network into the main tunnel. From there it runs to the Tideway Pumping Station, to be pumped to Beckton sewage treatment works.



Map key

- Main tunnel drive site
- Main tunnel reception site
- CSO site
- Short connection tunnel drive site
- Long connection tunnel drive site
- System modifications
- Main tunnel
- Connection tunnels
- Lee Tunnel
- Drive direction
- West works site
- Central works sites
- East works site

1. Acton Storm Tanks
2. Hammersmith Pumping Station
3. Barn Elms
4. Putney Embankment Foreshore
5. Dormay Street
6. King George’s Park
7. Carnwath Road Riverside
8. Falconbrook Pumping Station
9. Cremorne Wharf Depot
10. Chelsea Embankment Foreshore
11. Kirtling Street
12. Heathwall Pumping Station
13. Albert Embankment Foreshore
14. Victoria Embankment Foreshore
15. Blackfriars Bridge Foreshore
16. Shad Thames Pumping Station
17. Chambers Wharf
18. Earl Pumping Station
19. Deptford Church Street
20. Greenwich Pumping Station
21. King Edward Memorial Park Foreshore
22. Bekesbourne Street
23. Abbey Mills Pumping Station
24. Beckton Sewage Treatment Works

25
kilometres long

Travelling from west to east London, the main tunnel is 25km long.

7.2
metres wide

The main tunnel has an internal diameter of 6.5 metres between Acton Storm Tanks and Carnwath Road Riverside. It has a 7.2 metre internal diameter at Abbey Mills Pumping Station.

66
metres deep

The tunnel falls one metre every 790 metres so it is self-cleaning. Starting from 30 metres deep at Acton Storm Tanks, it finishes 66 metres deep at Abbey Mills Pumping Station.

Who We Are & What We Do

OUR SHAREHOLDERS

Our shareholder groups are represented on our Board, enabling them to support decision making and provide important project oversight and governance. They bring with them extensive experience of investing in and managing a wide range of infrastructure assets in the UK and overseas, knowledge that supports us in the delivery of the project.

Since Licence Award, our Shareholders have invested £1.3bn. Close to half the total equity has come from UK investors, including many pension funds, giving 2.6 million UK pension holders a stake in Tideway.

OUR DELIVERY PARTNERS

Tideway has an Alliance Agreement with Thames Water, the Programme Manager (PM), three consortia known as the Main Works Contractors (MWCs) and our System Integrator Contractor (SIC) who works closely with Thames Water and its team. Thames Water are responsible for important elements of the project and will ultimately operate the system.

The Alliance Agreement incentivises collaboration towards achieving the construction aims, milestones and outcomes, including the objective of meeting overall cost challenges. We have an experienced and competitive supply chain and we share lessons learned that enable us to best deliver the project.

For more information on our partners *click here*.

Role	Partners
Programme Manager	• Jacobs
West Main Works Contract BMB Joint Venture	• Bam Nuttall Limited • Morgan Sindall Plc • Balfour Beatty Group Limited
Central Main Works Contract FLO Joint Venture	• Ferrovial Agroman UK Limited • Laing O'Rourke Construction Limited
East Main Works Contract CVB Joint Venture	• Costain Limited • Vinci Construction Grands Projets • Bachy Soletanche Limited
System Integrator	• Amey OWR Limited

THE DELIVERY MODEL

The Thames Tideway Tunnel's innovative delivery model was established to attract private sector capital to finance infrastructure and deliver value for money to customers. It includes a bespoke regulatory framework, with a contingent Government Support Package, which recognises the unique nature of Tideway's business. This framework provides a revenue stream during both the construction and operational periods. Revenues are billed and collected by Thames Water from its wastewater customers and passed to Tideway. Principles of the delivery model are being considered for other major projects both in the water sector and beyond such as Sizewell C nuclear development and carbon capture, usage and storage.

For the period until 2030, our revenues are calculated according to the framework set out in our Licence, which is primarily based on a percentage return (2.497 per cent) on the regulatory value of our company (Regulatory Capital Value or RCV). From 2030, we expect to be regulated in line with the rest of the water industry.

THE TIMELINE

Tideway maintains a schedule with our partners for delivery of the project. There are four main stages. We are in the System Commissioning stage.

- **Mobilisation of the MWCs**
  This started off site, with mobilisation of people, the start of detailed design work, consenting applications and moving on site.
- **Construction**
  Excavating deep shafts, followed by tunnelling, tunnel secondary lining and installing mechanical and electronic equipment, and architectural and landscaping works.
- **System Commissioning**
  After testing of the mechanical and electrical equipment the SIC completes the connection of the worksites to the overall London Tideway Tunnels (LTT) system, followed by extensive testing in the dry before sewage flows are received. The final physical isolation is removed between the existing Lee Tunnel and the Thames Tideway Tunnel and the CSOs are activated to the new LTT system. Then a series of storm tests are carried out incrementally over several weeks culminating in a 30-day period of automated operation. After this final test the tunnel is inspected, and the operation of the system handed over to Thames Water. Following completion of the MWC's activities, the contractors will be demobilised.
- **System Acceptance period**
  This is a proving period of between 18 and 36 months in which the LTT will be operated across a variety of climatic conditions to demonstrate that it fulfils the project requirements. Once this is complete, Thames Water will become responsible for maintaining the near-ground structures and assets. Tideway will retain responsibility for the deep shafts and tunnel structures and ensure the TTT is available to allow flow to pass to the Lee Tunnel. This involves inspecting the deep tunnels and shafts and performing any maintenance as required.

Kirtling Street (Portrait of Andreea Boianu).

Engaging with Our Stakeholders

In delivering a major infrastructure project across London we recognise the importance of engagement, transparency and building trust.

We listen to our stakeholders' views directly and through their representatives such as MPs and Members of the London Assembly. We continue to ensure that the communities we are working in are kept up to date on the progress being made, potential impacts and how they are being mitigated. We issue regular communications on individual site progress to our neighbours and we hold regular forums to give updates to, and get feedback from, them. These methods, plus a 24-hour Helpdesk, ensure that we are always accessible.

To support the project, we have established a range of independent parties and roles to ensure we engage fairly and effectively with each of our stakeholder groups and to support trust in the project.

As the project moved through its commissioning phase and towards Handover, the final Thames Tideway Tunnel Forum (with consenting bodies and delivery partners) was held in December 2024 and final Community Liaison Working Groups were held for a number of sites as work completed. Other stakeholder groups will continue into 2025/26, and services to support stakeholders such as the Independent Compensation Panel and Independent Complaints Commissioner will continue to be available.

IN THIS FINAL YEAR OF SUBSTANTIAL WORKS ON THE TIDEWAY PROJECT THE COMPANY HAS CONTINUED TO SUPPORT AND ENGAGE WITH STAKEHOLDERS.

This has been essential to the smooth delivery of the project and has been particularly important in the closing stages when the nature of the works has changed from "steady state" to demobilisation.

The Thames Tideway Tunnel Forum, bringing together statutory agencies and consent granting bodies, continued to meet during the year. It was well attended by stakeholders and well supported by the company, with the CEO and senior team leading and taking accountability for engagement.

The work of the Independent Compensation Panel (ICP) continued, with an increase in claims to the Panel for mitigation and support, which can be attributed to demobilisation works in particular locations. The ICP met regularly and with only one appeal to the Independent Complaints Commissioner (ICC) there is evidence that the process was efficient and fair. Complaints continued to decrease, which has been the trend since peak activity in 2020/21. There were no complaint appeals to the ICC which again signals that complaints are handled effectively by Tideway and its contractors.

In concluding the final meeting of the Tideway Reporting Group several lessons were identified.

Open and regular communication, where residents and stakeholders have direct dialogue with senior leaders and know that their concerns are being taken seriously, has been a critical success factor and other projects should look at Tideway's experience. However, when Tideway started construction there had been something of a hiatus in communication – the gap between the planning phase and mobilisation on site. This meant the teams had to work hard at the start to build trust. Projects should consider how to bridge this gap to start off on the most positive footing. A pragmatic and empathetic approach to compensation and mitigation for those most closely affected has also been essential for the delivery of Tideway. The ICP and the project should be commended for their willingness to be flexible and to consider a range of human experiences and impacts, whilst working within a clear framework.

I would like to thank Ted Allett (Chair of the TTT Forum), Graham Parry (Chair of the ICP) and Stephen Turner (ICC) for their work throughout the project.

Rt Hon Nick Raynsford
Independent Chair, Tideway Reporting Group

STAKEHOLDER GROUPS

Government and regulatory	Consenting bodies and delivery partners	Communities directly impacted by construction
Ofwat; Environment Agency; Department for Environment Food & Rural Affairs; Thames Water	Transport for London; Historic England; Marine Management Organisation; Port of London Authority; Greater London Authority. STAKEHOLDERS ALSO INCLUDE LANDOWNERS, ASSET OWNERS & LOCAL AUTHORITIES	RESIDENTS; BUSINESSES & LOCAL SERVICES; SCHOOLS

ENGAGEMENT CHANNELS

Liaison Committee meeting (including Thames Water)	Independently chaired Thames Tideway Tunnel Forum	Community Liaison Working Group meetings
	Bilateral meetings	Letter drops about works
	Stakeholder survey	Newsletters
		Dedicated web pages and other communications

INDEPENDENT ROLES AND ASSURANCE

Independent Technical Assessor (ITA): The ITA reviews Tideway and Thames Water reporting to the Liaison Committee.

Independent Chair of Tideway Reporting Group: ICP, ICC, IAS report to the Tideway Reporting Group. The Reports are available on Tideway's *website*.

Independent Chair for TTT Forum

Independent services available to support stakeholders, which include:

Independent Advisory Service (IAS): Offers independent help and support to stakeholders living and working close to our construction sites.

Independent Compensation Panel (ICP): Oversees and determines claims made under any of the non-statutory compensation policies.

Independent Complaints Commissioner (ICC): Assists stakeholders who are not satisfied with the ICP's response regarding a claim.

Our Business Model

PURPOSE WHAT WE DO

Tideway is responsible for the Thames Tideway Tunnel under the River Thames – creating a healthier environment for London by cleaning up the city's greatest natural asset, now and for the foreseeable future.

The Thames Tideway Tunnel is already dramatically reducing CSO discharges, reducing sewage-related litter (and plastics) and improving water quality in the tidal Thames.

OUR VALUES HOW WE DO IT

SAFETY
Transform the health, safety and wellbeing of all

LEGACY
Create a healthier future for London

COLLABORATION
Work together as an effective team

RESPECT
For people, places and resources

INNOVATION
Strive for excellence in project delivery

CLEANER THAMES

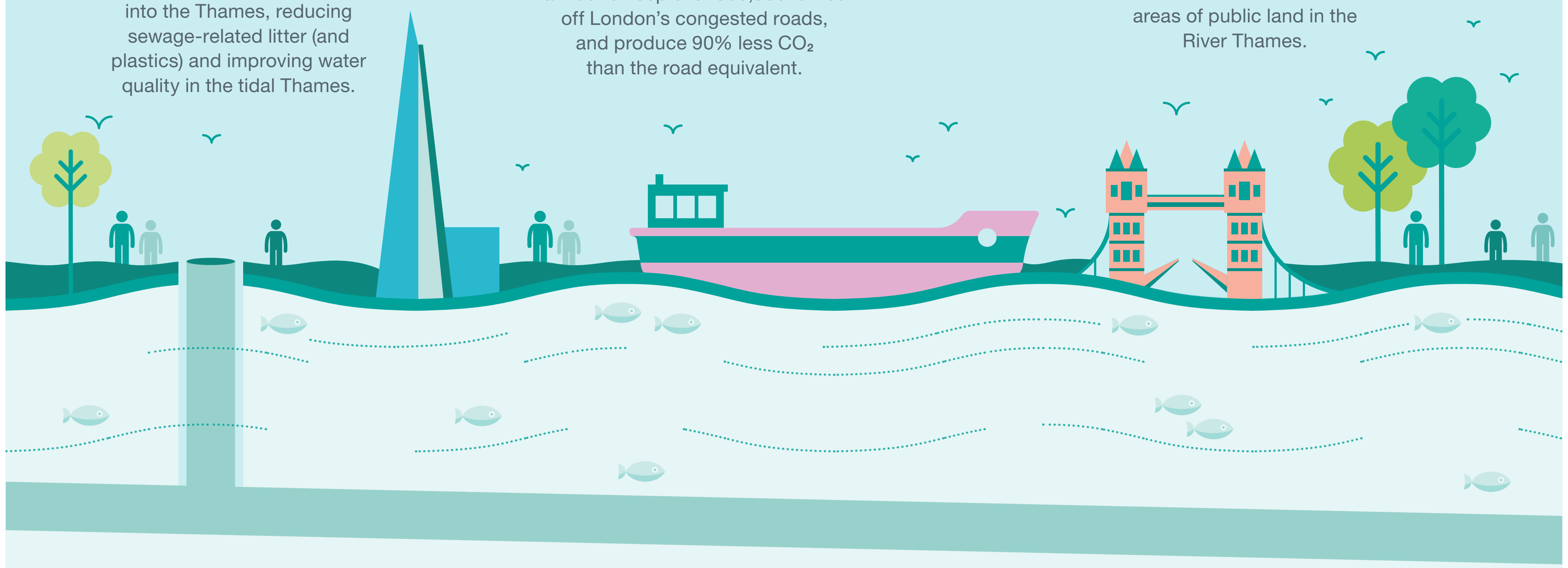
The Thames Tideway Tunnel is stopping tens of millions of tonnes of sewage discharges into the Thames, reducing sewage-related litter (and plastics) and improving water quality in the tidal Thames.

MORE BY RIVER

Our river transport strategy aimed to keep over 300,000 lorries off London's congested roads, and produce 90% less CO_2 than the road equivalent.

NEW PUBLIC SPACES

We have created seven new areas of public land in the River Thames.



ENABLERS

SAFE OPERATIONS/DELIVERY
We strive to create and maintain a culture of doing things safely or not at all

See Health, Safety & Wellbeing section

COLLABORATIVE PROCESSES
Tideway and Thames Water collaborate closely, while we maintain an experienced, competitive supply chain

See Who We Are & What We Do – Our Delivery Partners

EFFECTIVE GOVERNANCE, RESILIENCE AND OVERSIGHT
Our risk management systems and policy provide a clear framework for managing and reporting risks

See Risk Management section & Governance section

STAKEHOLDER FOCUS
We aim to build enduring relationships with government, local authorities, our neighbours, partners, suppliers and others we impact

See Engaging with our Stakeholders section

TALENTED AND PASSIONATE PEOPLE
We work to attract, motivate, develop and retain the best talent

See Company & People section

EFFICIENT FINANCING
We aim to finance the project as efficiently as possible to ensure that we minimise our impact on bill-payers

See Financing section

STAKEHOLDER VALUE

LONDON
- Reconnecting London with the River Thames
- Ensuring that we leave a positive legacy for London
- Developing the river economy

ENVIRONMENT
- A positive impact on the tidal River Thames
- Ensuring, where we can, that we reduce our environmental impact

COMMUNITIES
- Providing a river that locals deserve and can use
- Enhanced local landscapes for reclaimed land and public art

OUR PEOPLE
- A unique and innovative project with a focus on learning and development
- A safe and inclusive workplace
- A competitive and fair compensation package that incentivises delivery and rewards success

SUPPLY CHAIN
- Industry and supply chain with the right incentives across each of our three contract areas
- Providing opportunities for companies and for workers to develop skills and gain experience
- Industry leading innovations that we have shared via i3P

BILL PAYERS
- Finance the project efficiently, minimising impact on Thames Water bill payers

INVESTORS
- A fair return for investors

Health, Safety & Wellbeing

OBJECTIVE

We are targeting zero fatalities or serious injuries, off or on-site. We will achieve this by setting new standards for health, safety and wellbeing (HSW). This is the right thing to do for those involved, as well as improving productivity and reducing the chance of delays or stoppages.

PRIORITIES

- Continue to reinforce HSW and achieve positive improvements on previous performance. This includes management of existing risks from completion of remaining construction activities and marine works for site demobilisation but also achieving transformational standards in Mechanical, Electrical, Instrumentations, Control and Automation (MEICA) and commissioning activities.
- Implement the RightWay strategy for commissioning and review to determine effectiveness of HSW arrangements.

2024/25 MEASURE

MAINTAIN STRONG HSW PERFORMANCE

Target	Actual
Safety record better than recent major projects Improved performance on 2023/24	On Track

NUMBER OF MAJOR INJURIES*

Target	Actual
0	0

MEICA, COMMISSIONING AND ARCHITECTURE AND LANDSCAPING (A&L) WORKS

Target	Actual
0 significant incidents due to MEICA, Commissioning or A&L activities	0

ACCIDENT FREQUENCY RATE 3 (AFR-3)*

Target	Actual
0.0	0.0

ACCIDENT FREQUENCY RATE 7 (AFR-7)*

Target	Actual
0.0	0.0

PERFORMANCE

There were no major injuries during construction and no significant incidents as a result of our marine, commissioning, MEICA or architecture and landscaping activities during the year. This confirmed our Accident Frequency Rates for injuries resulting in over three or seven-day absence (AFR-3 and AFR-7) of zero. This is testament to the continued efforts, made at every level, to eliminate and reduce accident and injury occurrences. There were five incidents which resulted in one day lost-time and there were eight high-potential near misses. Any incident classified as significant is subject to thorough investigation to determine immediate and root causes, so we can identify and implement actions to prevent recurrence and ensure lessons are shared and learned. Tideway is proud of the open and transparent reporting culture on the project and the depth of investigations that are subsequently undertaken. We nurture this positive culture and are committed to continuing to strive for transformational performance.

RIGHTWAY

With the transition from construction to commissioning, Tideway reflected on how we continue to recognise HSW performance and a RightWay Celebration was held in May 2025 to mark 10 successful years of Tideway's RightWay philosophy. The event paid tribute to award-winning individuals, teams, contractors and joint ventures from across the project and recognised the efforts of the teams involved in the more recent Commissioning activities.

Tideway continues to share experiences and lessons learned with other projects and organisations This includes now making our award-winning EPIC (Employer's Project Induction Centre) induction programme available to the wider industry, ensuring there is a lasting legacy from our transformational RightWay programme.

HEALTH AND WELLBEING

We continue with our aim to focus on Health and Wellbeing to achieve relative parity with our work on Safety, seeking to minimise and mitigate any health risks arising from our work, whilst supporting the wider Health and Wellbeing of our workforce.

RightWay Awards, 2025.

OCCUPATIONAL HEALTH INSPECTIONS (OHI)

With our Occupational Health (OH) Service Provider we continue to deliver targeted health and wellbeing education and support. Initiatives, supported by occupational hygienists, include noise, fatigue, drug and alcohol awareness campaigns, defibrillation demonstrations and continuing to engage the workforce with blood pressure, cholesterol, and glucose checks.

MENTAL HEALTH

Mental Health of the workforce is a major driver for the project and has been led by the Mental Health Working Group since 2018. We continue to work with the Mates in Mind charity and deliver "start the conversation" and "manage the conversation" training. The newly introduced Health & Safety Performance Index (HSPI) measure, related to managing stress, has been aligned to the Health & Safety Executive's Stress Management Standards and has encouraged teams to introduce and review specific stress management initiatives. As an example, Wellbeing Wednesday monthly gatherings allow teams to enjoy food and drink together and talk about things other than work.

RIVER SAFETY

Marine activities have transitioned towards the demobilisation of sites, for example supporting the removal of cofferdams which were originally constructed at sites adjacent to the river to allow site works to be undertaken. Observations and best practice is shared between contractors at the Marine Logistics Safety Forum.

* Definitions: **Major injury:** *any injury that could potentially lead to death, prolonged disability or permanently diminished quality of life.*
AFR-3 *12-month rolling average, per 100,000 hours worked, of injuries which occurred as a result of work activities and resulted in more than three days lost time for the individual involved. Excludes Road-Traffic accidents to ensure alignment with RIDDOR 2013*
AFR-7: *as above, for over seven days lost time for the individual involved. Excludes Road-Traffic accidents to ensure alignment with RIDDOR 2013. Injuries contributing to AFR-7 will automatically be included in AFR-3.*

Schedule, Cost & Quality

OBJECTIVE
We want to deliver the Thames Tideway Tunnel safely, at the right quality, and efficiently. Critical to the final year of main construction will be maintaining control and predictability so that all stakeholders relationships and interfaces can be managed well.

PRIORITIES
- Working with the Programme Manager, all three MWCs, the SIC and Thames Water to safely deliver the most efficient schedule whilst maintaining strong oversight and control over cost for 2024/25.
- Maintaining TWUL's commitment to the agreed programme for Preliminary commissioning Commencement Date, System Activation Commencement Date, System Commissioning Commencement Date, Handover and Acceptance.
- Obtaining commitment from the Environment Agency (EA), OFWAT, Thames Water and Department for Environment, Food & Rural Affairs (DEFRA) to an approach and programme that best achieves early and successful outcomes.
- Ensuring that the asset being delivered is of the right quality, demonstrated by contemporaneous timely, quality certification and particularly certification to achieve Systems Activation.
- Commercial status of all three MWCs, SIC and Thames Water aligned to Tideway's objectives for cost and schedule which support an efficient and clean project close out.
- Continue to handback areas on completion of construction (including architecture and landscaping), and / or worksite testing and commissioning (as applicable).

2024/25 MEASURE

DELIVERY AGAINST THE BEST VALUE FOR MONEY SCHEDULE – SCHEDULE HANDOVER

Target	Forecast
Handover by quarter two 2025/26	Fully connected, tested and operational in 2025 with the 'handover' date likely to be in the second half of that year

DELIVERY AGAINST THE REGULATORY BASELINE – COST*

Target	Forecast
£3.5bn	£4.6bn

PERFORMANCE
The year has seen some of the project's biggest milestones delivered as the Thames Tideway Tunnel starts to do its job of cleaning up the River Thames.

With all sites operational, the tunnel has prevented more than 7 million metres cubed of sewage from entering the river. We continue to progress the project and consistent with our reporting last year we expect Handover to be in the second half of 2025. We continue to forecast achieving System Acceptance by the Planned System Acceptance Date of August 2027 as per our Licence.

The cost estimate is currently £4.6bn which is a one per cent increase from last year (2024: £4.5bn). This increase includes the impact of river works and related consents in the central contract, the conclusion of commercial discussions with the east and west contractors and forecasting of higher indirect costs. The impact on customer bills remains well within the pre-Licence award estimate of £20-25 (in 2014/15 prices).

Back in April 2024 the final major milestone of the construction phase had just been achieved, when the 1,200-tonne, 24m-wide cover was lifted onto the shaft at our Abbey Mills site, where the tunnel meets the existing Lee Tunnel.

In May 2024 we connected the new infrastructure with the Lee Tunnel, which had been separated by a thick reinforced concrete wall while construction of the new infrastructure was taking place. Joining the 25km super sewer to the 6.9km Lee Tunnel, which links Abbey Mills Pumping Station to Beckton Sewage Treatment Works, created the London Tideway Tunnels network. This marked the project moving into a new phase to commission the tunnel and associated system.

This was followed by a systematic programme of work to bring this new system online by connecting all the individual discharge points to the newly completed tunnel, with 20 more connections to complete after the initial connection to the Lee Tunnel. This phased approach allowed for the very technical and painstaking work to test the system progressively building confidence in the performance as more CSO connections were made.

These connections were completed in February 2025, and during this intervening period the first flows began entering the tunnel – when the final connection was made, Tideway announced that more than five million cubic metres of sewage had already been intercepted. At the time of writing, this has increased to almost seven million cubic metres of sewage prevented from overflowing into the River Thames. That's more than 2,800 Olympic-sized swimming pools.

These vital commissioning milestones were achieved through a major collaboration between Tideway as client, Jacobs as Programme Manager, CVB as Commissioning Principal Contractor, BMB and FLO as the other Main Works Contractors, Amey as Systems Integrator and Thames Water as the ultimate operator of the tunnel.

As the year ended, the focus moved to a more structured testing phase, where the completed system is being tested in different weather conditions, initially at partial capacity and then full capacity, ahead of full operation.

While the project moved through vital phases below ground as the tunnel was brought online, significant milestones were also achieved above ground.

As work completed at a number of sites, hoardings were removed and new spaces were opened to the public, showcasing new public art that has been integrated into the functional design of the tunnel system.

In August we unveiled new sculptures, including one of Sir Joseph Bazalgette, as we completed work at Acton Storm Tanks. In the autumn, we opened new community spaces at King George's Park, and Falconbrook Pumping Station, in Wandsworth, and a riverside space was opened at Chelsea Embankment in December.

> We substantially completed work at our Abbey Mills site in Stratford and ended the year by opening a new riverside space as we finished at Carnwath Road in Fulham.

One of the three main 'drive sites' for the project's tunnel boring machines; a section of the Thames Path, at Carnwath Road, west of Wandsworth Bridge was re-opened, along with a new space for the public.

Above-ground completion work continued at the remaining sites in the Central and East sections of the project, including:

- Cofferdams (the temporary areas of land built out into the river allowing us to build the structures below ground) removal at Albert Embankment Foreshore, Blackfriars Bridge Foreshore, Chelsea Quay and King Edward Memorial Park Foreshore. The last remaining cofferdam is at Chambers Wharf, where removal has begun.
- Soft landscaping and tree planting to create new public spaces progressed at sites including Blackfriars Bridge Foreshore, King Edward Memorial Park Foreshore and Deptford Church Street.
- Heritage design features were reinstated at riverside sites including Victorian 'sturgeon' lighting columns and large bronze lion heads at Blackfriars Bridge Foreshore.
- Site-specific artwork was installed at Victoria Embankment Foreshore and Earl Pumping Station by artists Richard Wentworth and Lubna Chowdhary, ready to be unveiled when the sites are finished.


Falconbrook Pumping Station opening ceremony.

* Tideway's element of the programme in outturn prices (based on current inflationary expectations), up to System Acceptance. Ofwat set a regulatory baseline of £3.1bn (in 2014/15 prices) which is equivalent to £3.5bn in outturn prices.

Schedule, Cost & Quality

CONSTRUCTION QUALITY

The level of non-conformance and re-work on the project remains at a satisfactory level, with no critical defects being reported this year and to date on the project. With major construction work drawing to a close, with the connection of the overflows to the tunnel, the focus is now on closing out any outstanding non-conformances and defects and ensuring the architectural and landscaping work is of the highest quality, with specific attention on the new public spaces. As noted in previous reports we have experienced infiltration of ground water into some of our tunnels. Independent assessments have confirmed the levels of infiltration and consequent exfiltration expected in service are unlikely to have any adverse environmental, structural or durability impact. Monitoring is being carried out to demonstrate satisfactory operational performance ahead of completion certification.

The site readiness process, previously adopted to assure the completeness of works and documentation ahead of the CSO connections, is now being used to track closeout of documentation and other deliverables, including the construction certificates, to provide confidence that all the required deliverables are appropriately assured for the remaining key milestones of storm testing, handover of operation and the completion of the works. This is a collaborative process with the involvement of Tideway and Thames Water and the Programme Manager ensuring alignment of progress and outstanding issues for resolution.

Construction quality is the responsibility of the Main Works Contractors and System Integrator Contractor who self-certify their works. This self-certification and associated documentation are overseen through regular reviews by the Programme Manager and New Engineering Contract ("NEC") Supervisor. The progress on the certification process is reported weekly allowing issues to be tracked to resolution. Further technical assurance is provided by inspections from Tideway's NEC Supervisor team with regular oversight by Tideway's Chief Technical Officer. Tideway's Quality Management System is subject to annual senior management review and internal audit. These levels of assurance provide the project with a robust framework to drive construction quality compliance and enable an integrated approach for dealing with quality related issues.

COMMERCIAL

The MWCs' target prices have been further adjusted to reflect compensation events through the year. With the achievement of key milestones during the year the programme is commercially well placed as the focus now looks forward to Handover and completion. The MWCs and System Integrator continue to work collaboratively with Tideway, with the parties aligned in their commercial approach to successfully deliver the final phase of works.

PROJECT RECOGNITION

The delivery success and innovation of the Tideway project was recognised externally with major construction and tunnelling industry award wins.

The Thames Tideway Tunnel was named 'Project of the Year' at the 2024 British Construction Industry Awards (BCIA) – one of three wins in the sector's most prestigious event – and Major Project of the Year in the 2024 International Tunnelling Association Awards.

The BCIA judging panel said: "Judges agreed this project had pushed boundaries in ways that delivered real success in every aspect of project delivery – be it stakeholder engagement, placemaking, remarkable EDI policy put into practice or decarbonisation through new practices and materials."

> "The project set new standards for safety. Intensive practices that included extensive training requirements for permission to access the site, resulted in no life threatening or life changing injuries throughout its 40-million-person hours worked."

Tideway win Project of the Year Award at British Construction Industry Awards.

"And most crucially, judges felt the scale and intended longevity of the environmental and social impact built upon the legacy of Bazalgette's great sewer innovations and makes this infrastructure that over delivers, creates public realm and generates an identity. Really outstanding."

Tideway's hat-trick of wins at the 2024 BCIAs also included winning Environmental Project of the Year and the National Infrastructure Commission Design Principles award.

Global recognition followed at the 2024 International Tunnelling Association Awards , held in Genoa. The Thames Tideway Tunnel won Major Project of the Year (over 500 million Euros), ahead of a new rail link between Long Island and Manhattan, New York into second place, a 43km rail line in Singapore into third and a road project in Shenzhen, China into fourth.

The International Tunnelling Association has members from 80 countries and supports the industry by sharing best practice, highlighting new techniques and innovations and publishing guidelines.

Judges highlighted Tideway's vision for the wider benefits of the project and its innovations in building a safe and inclusive culture, as well as encouraging all Main Works Contractors to both innovate and collaborate to improve project delivery, including taking steps where possible to reduce the project's carbon footprint.

The Tideway project also featured in a new book called '50 Iconic Projects' published by the International Tunnelling Association to mark its 50th anniversary – one of three UK projects from the past 50 years that were chosen. The others were The Channel Tunnel and Crossrail / The Elizabeth Line.

SYSTEM COMMISSIONING

This year saw the project successfully move into the System Commissioning phase. Having started the Preliminary Commissioning period at the end of April 2024, the works to connect the Lee Tunnel and new Tideway Tunnels to create the London Tideway Tunnels (LTT) System were successfully completed, with the LTT back in operation after a two-week outage in May 2024 to commence the System Activation period. This allowed the interception sites to be progressively connected when deemed ready, this was predominately driven by confidence in the local controls of the mechanical and electrical equipment and visibility of this from the manned control room at Beckton Sewage Treatment Works.

The Systems Integration Contractor (SIC) played a key role in enabling these activations by completing the installation and testing of the control system equipment at the worksites and integrating them into the wider LTT control system. In addition, the interface between the existing Lee Tunnel and TWUL Regional control system with the new Tideway control system was successfully completed, allowing the Lee Tunnel and Tideway Tunnels to operate as a single system.

The SIC also developed simulation software to allow comprehensive dry weather testing of the new single control system (Dry System Testing) to identify and rectify any further issues and refinements. Subsequently in March 2025, with all the new Combined Sewer Overflow (CSO) interception sites connected and in automatic operation via the newly developed LTT Control System the project was able to move into the Storm Testing phase of commissioning where the completed tunnel, interception and control system will be tested using rainfall events in various scenarios. Initially it will be operating at a reduced capacity until the full functionality is proven by these specific storm events. Once the tunnel capacity is increased to its final design operating levels, the final Storm Tests will be undertaken followed by final asset inspections ahead of the completion of commissioning.

* Tideway's element of the programme in outturn prices (based on current inflationary expectations), up to System Acceptance. Ofwat set a regulatory baseline of £3.1bn (in 2014/15 prices) which is equivalent to £3.5bn in outturn prices.

Vision, Legacy & Reputation

OBJECTIVE

We want to maintain a supportive environment for completing the project and develop a positive reputation with our stakeholders.

We want to continue to be a responsible business in all that we do and demonstrate our Environmental, Social and Governance (ESG) credentials in order to build and retain trust and deliver a lasting legacy.

PRIORITIES

- Continue to ensure our stakeholder engagement programme supports successful completion of the project, which includes engagement with Thames Water and critical stakeholders.
- Communicate the benefits of Tideway within the context of the heightened public awareness of sewage pollution and growing calls for it to be tackled.
- Ensure that we deliver on our essential ESG commitments and sign off our legacy, sustainability and community programmes effectively.

2024/25 MEASURE

SUPPORT FROM STAKEHOLDERS

Target	Actual
Active support from stakeholders in progressing the project to Handover	**Achieved** See Performance and Engagement sections

'Sybil' sculpture located in the compound of Acton Storm Tanks.

PERFORMANCE

We completed another five of our 54 legacy commitments in 2024/25, bringing the total closed out to 43 – a total of 80 per cent. We expect to complete a further seven by Handover later in 2025.

We continued to communicate the benefits and progress of the project and engage with our stakeholders. Sir Sadiq Khan, Mayor of London said: "The Tideway project is a game-changer in relation to London cleaning up the River Thames. It's a way to make the Thames cleaner but also a way to make fantastic public realm – great improvements across our city."

We also received significant industry recognition, winning Project of the Year and two other major awards – see the Schedule, Cost and Quality section for more details.

LEGACY

Legacy commitments closed out this year included:

- Our commitments to ethical supply chain practices by making sure that everyone on the project is paid at least the London Living Wage (LLW) and that our Small and Medium-sized Enterprises (SMEs) are paid within 30 days of invoice under the Fair Payment Charter. Tideway and its contractors have met our targets under these commitments since the project began and committed to 100 per cent compliance until project completion.
- Our commitment to plant two trees for every one displaced. We increased our target from a two-to-one ratio, which would have meant planting almost 400 trees, to plant at least 550. We achieved that target at the end of the year, with some trees still to plant.

Of the remaining seven commitments directly controlled by Tideway, all are on track to achieve or exceed their targets and we expect them to be closed out by Handover. Four other legacy commitments relating to long-term environmental benefits will be tracked beyond Handover.

UN Sustainable Development Goals (UN SDGs)

Since 2018, our legacy programme has been tracked against its contribution to the UN SDGs, so that we can show our wider impact on society and the environment. In closing out five more commitments in 2024/25, we also completed our contribution to one more of the goals (Goal 8 – Decent Work and Economic Growth) and four more targets, bringing our completed contributions to six goals and 20 targets. We will ultimately support 10 goals and 28 targets, with the most significant contributions to Goal 6 (Clean Water and Sanitation) – where the project's benefits will be demonstrated by improvements in indicators for water quality and sewage-derived litter – and Goal 11 (Sustainable Cities and Communities).

More detail on our performance against all 54 commitments, including how they map to the UN SDGs and targets, is in our *ESG databook* – see the 'Legacy Commitments' tab.

ENGAGEMENT AND COMMUNICATION

Tideway's proactive engagement with stakeholders as the project reached major milestones, resulted in public support and significant positive commentary about the project – all supporting our approach to public accountability and demonstrating why Tideway is an essential investment.

Public statements from a range of stakeholders, including senior political figures, regulators and industry bodies, accompanied by widespread media coverage as we started to operate the tunnel helped to underline the importance of the Tunnel in tackling sewage discharges and its impact on the water quality of the Thames. Our communication focus shifted towards explaining the impact of the Tunnel, for example, our website now includes a tracker showing the latest volume of sewage captured by the tunnel. During our campaign to drive awareness that the tunnel was in operation, we saw social media engagement increase by more than 1,000 per cent and traffic to our website increase by almost 200 per cent.

As we reach the closing stages of the project, our communication activity has also shifted towards describing the lessons we have learned on the project and sharing our experiences, all as a means of positively influencing future infrastructure project delivery.

Community engagement also remained a high priority as we opened up new public spaces. The community took part as we formally opened new spaces at King George's Park, Falconbrook Pumping Station and Carnwath Road and unveiled artwork, including sculptures of Sir Joseph Bazalgette and local figure 'Colin', at Acton Storm Tanks. These close-out events also allowed us to assess community feeling, and the feedback was overwhelmingly positive. For example, we received this comment from a local resident after we completed at Carnwath Road, where community relations at the beginning of the project were challenging. The resident said: "Many thanks for keeping us so well informed during the construction, which was brilliantly managed with hardly any inconvenience to local residents. The new open park space onto the river is magnificent."

At Chelsea Quay, we celebrated the new public space with a stakeholder event officiated by HRH The Princess Royal in April and then the Governor of the Royal Chelsea Hospital switched on the Christmas lights at the site with an event with the Chelsea Pensioners in December.

We also engaged stakeholders through boat tours (for around 400 people), about 50 site visits, and our well-established engagement fora, with some groups coming to an end as their function was complete – for details see the Engaging our Stakeholders section.

The Tideway Helpdesk received 1,807 contacts, of which 193 were complaints – this compares to 1,841 and 275 respectively last year.

A particular focus for our communications was those who have played the biggest role in making the project a success – its people. We launched a new 'People Behind the Tunnel' series on YouTube and on our website to tell stories from some of those involved in delivering the project, and our people continued to present stories on our 'Tunnel Vision' film series. People reaction was also a feature of the positive online feedback after milestone announcements. Our people featured in a new one-part documentary which is expected to air later in the year.

COMMUNITY INVESTMENT AND CHARITABLE GIVING

Tideway's final major community investment before project completion was with the Active Thames programme, which encourages communities to get active on or beside the River Thames and its inland waterways. Tideway's support allowed 11 projects from across London and the Thames estuary to receive grants. A film about our support for Active Thames is *here*.

Our year in fundraising was led by our support for longstanding partner London Youth Rowing (LYR). In July project crews raised more than £5,000 by rowing 16 miles through central London in LYR's Oarsome Challenge event and in February Tideway teams took part in Race The Thames, a week-long exercise challenge, helping LYR to raise £40,000. In October Tideway CEO Andy Mitchell was appointed Chair of the board of Trustees at LYR, as a further commitment to skilled volunteering.

TOTAL CORPORATE GIVING WAS £5,537

£5,067 RAISED FOR CHARITY BY STAFF

WITH IN-KIND DONATIONS TO A VALUE OF MORE THAN £7,600

Vision, Legacy & Reputation

SUSTAINABILITY IN DELIVERY

Carbon emissions

When the construction phase substantively completed at the end of 2023/24, a third-party Critical Review confirmed our Scope 3 (embedded) footprint as 553,625tCO_2e, a 28 per cent reduction on the original anticipated total of ~770,000 tCO_2e. We outlined how those savings were achieved in our final *Sustainability Report*.

For the commissioning phase of the project, our Scope 3 emissions are based on energy usage from the new permanent, above ground assets used in the operation of the tunnel. Tideway does not have Scope 1 emissions, and our Scope 2 emissions are based on energy usage at our corporate offices. Data is summarised in the table below.

Scope area	2024/25 (tCO_2e)	Project To Date (tCO_2e)
Scope 1	N/A	N/A
Scope 2	21	542*
Scope 3	35	553,660

Carbon SWOT analysis

Each year in line with our role as a regulated water company, we review the strengths, weaknesses, opportunities and threats of our carbon reporting, performance and impact. You can see this analysis in our *Annual Performance Report*.

Mayor of London and Tideway CEO Andy Mitchell.

More By River

Tideway has aimed to maximise river transportation, saving >700,000 two-way HGV journeys and therefore reducing congestion, safety risks to road users and carbon emissions. We have been tracking this benefit since the start of the project and the latest data is below.

2024/2025

134,557 TONNES MOVED BY RIVER

15,958 TWO-WAY HGV JOURNEYS AVOIDED

7,979 FEWER HGVS ON THE ROAD

296 tCO_2e Carbon emissions avoided

PROJECT TO DATE

5,879,274 TONNES MOVED BY RIVER

701,230 TWO-WAY HGV JOURNEYS AVOIDED

350,615 FEWER HGVS ON THE ROAD

24,694 tCO_2e Carbon emissions avoided

Environmental Incidents

There were no major environmental incidents in the year and there was a reduction in lower-level incidents compared with 2023/24. Construction activities have substantially reduced but Tideway continues to monitor compliance with environmental obligations and encourages a strong reporting culture.

Incident level	2023/24	2024/25	Project To Date
4 (Near miss)	13	2	233
3 (Minor incident)	6	3	185
2 (Significant incident)	0	2	17
1 (Major incident)	0	0	0
Total	**19**	**7**	**435**

MATERIALITY STATEMENT

Although we are a mature project, with construction substantially complete and Handover expected in 2025, we continue to ensure that our sustainability topics remain material to us. We do this through performance reviews with a sub-committee of Tideway's Executive Committee and six-monthly reviews with the Tideway Board through its HSSE Committee. We identified the material topics for our legacy and sustainability programmes in 2013, in consultation with local communities, local and national government, London business groups and river organisations – at the time, this was the UK's largest public consultation on a construction programme, engaging around 300,000 people. Our stakeholder engagement also highlighted an opportunity to deliver a 'big picture' social benefit which we captured in our company vision statement: 'Reconnecting London with the River Thames', which became the over-arching theme of our legacy programme. We have kept this programme and its link to changing requirements and circumstances under review since then and outlined our achievements and learnings in a series of documents, including dedicated Sustainability Reports and a Social Impact Report, which are on our website.

* As a result of a correction in 23/24 Project to Data data, Scope 2 PTD up to March 2024 is 521 (corrected from 553) and up to March 2024 is 542.

Company & People

OBJECTIVE

Deliver effective organisational change in line with project requirements. Continue to support a high-performing, motivated and engaged workforce which will deliver better value and help us retain key skills.

PRIORITIES

- Continue to manage the capabilities of the organisation to support and encourage efficient delivery through a motivated and empowered team and deliver restructuring activities in line with project requirements.
- Refine our strategy for the future of the company to transition from construction to an operational organisation.

2024/25 MEASURE

	EMPLOYEE DIVERSITY* Percentage of women in Tideway at 31 March	ORGANISATION CHANGES DELIVERED AGAINST PLAN, WHILST PRESERVING A VALUES DRIVEN, SKILLED, DIVERSE AND ENGAGED WORKFORCE
Target	40%	Subjective*
Actual 2024/25	38%	Green
2023/24	36%	Green
2022/23	33%	Green
2021/22	36%	Green
2020/21	36%	Green

PRESERVING OUR VALUES

[†]We have assessed our performance based on a number of indicators and agreed this with the Remuneration Committee. Feedback from Employee Forum representatives has been positive.

A working group has made good progress towards establishing an organisational structure appropriate to the move to an operational organisation. All people whose roles will cease have been advised of their indicative end date. There has been no unplanned people turnover during the year and the Encompass group has continued to meet and champion diversity, equality and inclusivity initiatives.

"My love of engineering began at university because I loved to problem solve.

I really wanted a career in STEM (Science, Technology, Engineering and Maths), and being a woman I felt even more motivated to pursue a career to pave the way for future generations.

I feel incredibly proud and grateful to be part of a project that will have a lasting impact on people. I also feel incredibly proud to be part of creating new public spaces in London.

My advice to the younger generation or for anyone entering the construction industry would be to be unapologetically yourself.

ANY EXPERIENCE YOU MAY HAVE THROUGH YOUR JOURNEY IS GOOD EXPERIENCE."

Ateya Marshall
Site Engineer, Albert Embankment

"I kind of got pushed into tunnels when I was a young engineer, I immediately fell in love with the industry.

Some of the people I'll remember the most were some of the young apprentices in the job… they brought so much joy and energy to the site.

In terms of a standout hero, this job went through some tough times during the pandemic – in my eyes the heroes were the people who came into work every single day – living in bubbles, living in hotels away from their families, whatever they had to do.

THEY ARE MY TIDEWAY HEROES, BECAUSE THIS JOB WOULDN'T BE WHERE IT WAS WITHOUT ALL OF THEM."

Darren Kehoe
Project Manager, Greenwich Pumping Station

DIVERSITY EQUALITY AND INCLUSIVITY

We improved our performance over last year increasing the percentage of women within Tideway from 36% to 38% (against a target of 40%).

Our Encompass steering group, open to all employees and attended by senior managers who sponsor specific areas, continues to meet and promote inclusivity events. We held workshops to promote women in engineering, have hosted an external speaker to celebrate IDAHOBIT (International Day Against Homophobia, Biphobia and Transphobia) and celebrated National Inclusion Week with all teams invited to participate in a murder mystery game designed by one of our people with the objective of identifying areas of unconscious bias.

	31 March 2023			31 March 2024			31 March 2025		
Headcount *	Female	Male	Total	Female	Male	Total	Female	Male	Total
Board**	1	11	12	1	10	11	2	9	11
Senior Management	10	17	27	8	12	20	8	12	20
Other Employees	78	158	236	78	139	217	72	119	191
Total *	**89**	**186**	**275**	**87**	**161**	**248**	**82**	**140**	**222**

** Includes Tideway employees and our project management contractors (Jacobs) and Shareholder Directors*

*** Includes shareholder Directors*

REPORT FROM DESIGNATED WORKFORCE DIRECTOR MOHAMMED SADDIQ

I am excited to have joined the Tideway Board in November 2024 and to have taken on the role as the designated Non-Executive Director for workforce matters from Ruby McGregor-Smith.

Tideway remains committed to developing a supportive and inclusive culture across the organisation. The Employee Forum continues to serve as an effective platform for discussion, ensuring that executive management is responsive to issues that matter most to our workforce. This is particularly important during a period of significant organisational change, which impacts the roles and responsibilities of our people. Employees are kept well-informed about key dates affecting their positions and are provided with comprehensive support. This includes access to individual learning and development budgets, alongside career coaching, to help them navigate these changes and develop professionally.

[†] *We assess our performance based on a number of indicators, including engagement survey and demographic data and agree our assessment with our Remuneration Committee.*

Financing

OBJECTIVE
We aim to deliver efficient sustainable financing and financial risk management, which minimises our cost of capital and supports our investment grade credit rating.

PRIORITIES
- Maintain the Company credit rating and deliver IRR in line with the financing plan.
- Liquidity and Gearing management – continue focus on capital preservation and liquidity, ensure gearing ratios are maintained below 70% and seek to optimise returns on investment activities.

2024/25 MEASURE

	Target	Actual
COMPANY CREDIT RATING	Baa1/BBB+	Baa1/BBB+
DISTRIBUTION	Achieve 2024/25 financing plan	In line
LIQUIDITY	12 months liquidity	21 months liquidity
GEARING	Maintain gearing below 70% RAR trigger	68%

Our approach continues to be to deliver efficient sustainable financing and maintain a low risk financing position, protecting our credit ratings and ensuring in excess of 12 months liquidity. We achieved our financing priorities for the year. We currently benefit from 21 months of liquidity which covers our cash needs up to Handover and beyond. We continue to benefit from a £160m revolving credit facility (RCF) which remains undrawn. During the year the Company and Bazalgette Finance Plc secured a Liquidity Facility (LF) of £75m that is designed, together with amounts standing to the credit of the Debt Service Reserve Account, to cover the liquidity required amount covering twelve months of interest, fees and scheduled amortisation as defined in our financing platform. Tideway's long term debt funding stands at £3,674m in principal amount including accretion. Our multi-format debt platform supports the raising of long-term debt via structural enhancements that include a bankruptcy-remote structure and a package of covenants and restrictions protecting cash flows. The debt platform includes a multi-currency bond programme, which is listed on the regulated sustainable market of the London Stock Exchange.

Debt £m	Principal	Accretion	Total Drawn
RPI	1,112	346	1,458
CPI	350	71	421
Floating (EIB)	620	–	620
Nominal	1,175	–	1,175
Total	3,257	417	3,674

Debt covenants remain in line with our financing plan and fully compliant with our financing agreements. The ratio of Net debt to Adjusted RCV (gearing) was 68.0 per cent and the ratio of Net Cash Flow to Senior Debt Interest (interest cover ratio) was 5.8x as at 31 March 2025, compared to maximum and minimum covenants of 70.0 per cent and 1.3x respectively (see the Financial Performance Review section for more details on debt covenants triggers). Cash and liquidity continued to be managed effectively and prudently, in accordance with our Investment Management Strategy.

TREASURY POLICY
Tideway's treasury policy incorporates the corporate objective to finance the Company while minimising risk. Our target is to maintain robust investment grade credit ratings. We manage our financing activities within the parameters set in the Government Support Package, the financing documents, and the Licence.

SUSTAINABLE FINANCING
Our sustainable financing strategy aligns Tideway's financing both with the long-term target of cleaning up the river and with the significant ESG efforts during construction which have been captured in Tideway's legacy commitments. All bonds issued to date are green and are listed in the London Stock Exchange Sustainable Bond Market. Tideway's total green debt issuance stands at £2,157m, which includes the 18 green bonds totalling £1,832m and £325m of green US private placements. The £160m RCF is structured as a sustainability-linked loan We have published an *ESG databook* providing key information frequently requested by investors and other stakeholders in an accessible format. Please refer to the Sustainable Finance Reporting section for information on how we are meeting the various standards adopted as part of our Sustainable Finance Framework.

HEDGING
Tideway has entered into long-term swaps with commercial banks to hedge the interest rate risk for tranches one to eight of the £700m EIB loan and £70m of the £300m US Private Placement notes. These are all economic hedges, completed in previous financial years and no swaps were executed in 2024/25.

DISTRIBUTIONS
At Licence Award our shareholders committed a total of £1,274.2m in the form of £509.7m in equity and £764.5m as shareholder loan. This amount was fully injected into Tideway by 2019 and investments have been debt financed since. As a result, our gearing increased to our target capital structure as we delivered our investment programme and risks were gradually retired.

Prior to System Acceptance, Tideway will not generate distributable profits and as such it will not be able to pay dividends to its shareholders. As a result, during construction Tideway's shareholders receive a cash return on their investment through a combination of payments of interest on the loan and partial repayments of those loans. This mechanism was put in place during the Infrastructure Provider equity procurement process run by Thames Water and overseen by Ofwat and the UK Government and was key to achieving the low cost of capital bid by our shareholders. Ultimately, Thames Water's wastewater customers benefit from the low cost of capital achieved through the procurement through a lower charge in their bills.

The total distributions paid in the year were £26m in the form of a partial payment of interest on the shareholder loan; the remainder £49.9m interest due on the shareholder loan was capitalised. The shareholder loan now stands at £972.6m (no distributions were paid in 2023/24), taking the total shareholder funds to £1,482.3m when combined with the £509.7m in equity.

In August 2024, Amber Infrastructure Group Holdings Limited ("Amber Infrastructure") completed its previously announced strategic combination with Boyd Watterson Asset Management. The combination creates a diversified real estate, infrastructure, and fixed income asset management business. Amber Infrastructure manages INPP's and Swiss Life's investments in Tideway.

LIQUIDITY
At 31 March 2025, we had total liquidity of £409.9m, comprising £249.9m of unrestricted cash and short-term deposits, and the £160.0m undrawn RCF. This, combined with expected revenue collections, provides liquidity significantly in excess of our 12-month target, including all liquidity required to Handover and beyond.

CREDIT RATINGS
Credit ratings remain at BBB+ by Fitch Ratings and Baa1 by Moody's, both with a stable outlook.

INVESTMENT MANAGEMENT
We maintained substantial cash balances throughout the year, averaging £328m per daily close. We managed these cash balances by adhering to the set limits and criteria of our approved investment management strategy, prioritising the preservation of principal, ensuring adequate liquidity and striving to optimise the yield.

Sustainable Finance Reporting

We have committed to provide an annual update to investors under the various standards adopted as part of our Sustainable Finance Framework.

In November 2017 we published a framework for the issuance of Green Bonds. In 2020 this framework was updated to a Sustainable Finance Framework under which Tideway and Bazalgette Finance Plc (BFP) can raise debt to support the financing and/or refinancing of assets and expenditures of a sustainable nature across its activities. The Framework was last updated in May 2025. The Framework follows the International Capital Markets Association (ICMA) Green Bond Principles (GBP) and the Loan Market Association Green Loan Principles (GLP). The Framework is also aligned with the Loan Market Association (LMA) Sustainability Linked Loan Principles (SLLP). A common principle to the various standards is the requirement to provide an annual update to investors about the:

- Allocation of proceeds in the case of green and blue bonds and green loans
- Compliance with the agreed KPI in the case of sustainability-linked loans
- Impact of the project

Current framework	Tideway's Sustainable Finance Framework May 2025
Reporting period	Fiscal year to 31 March 2025
Date of publication	June 2025
Reporting frequency	Annual
Reporting approach	ICMA Green Bond Impact Reporting – Handbook – Harmonized Framework for Impact Reporting, June 2024 APLMA, LMA and LSTA Sustainability Linked Loan Principles, March 2025

GREEN ISSUANCE

BFP has issued 18 green bonds to date and Bazalgette Tunnel Limited (BTL) has issued two green US private placements (USPPs). Please refer to the tables in our *ESG databook* for details of each green transaction.

The net proceeds from the issuance of green debt instruments have been used to finance the design, construction, commissioning and maintenance of the Thames Tideway Tunnel. This asset falls into the Green Bond Principles (2021 with 2022 appendix) use of proceeds for 'pollution prevention and control' and 'sustainable water and wastewater management' as published by ICMA. The 2025 framework has been updated to include the possibility of issuing Blue Bonds, which align well with Tideway's purpose and activities now that the super sewer has begun its work. Blue Bonds are also Green Bonds, as long as they align with the four Core Components of the GBP.

Second Party Opinion

Our green debt instruments are covered by a second party opinion by S&P Global Ratings which was last updated in June 2025. We were awarded the 'Dark Green' shade, the highest green rating based on S&P's Shades of Green methodology and it is a measurement of the green credentials of our financing and the project's contribution to sustainability.

Use of Proceeds

The proceeds from the 18 Green Bonds, all of which have funded, were on-loaned by BFP to BTL and deposited in BTL's sole operating bank account. BTL has also received the funds from the two green USPPs. The funds were subsequently drawn to fund the design and construction of the tunnel. While in the operating account, the funds were managed by Tideway's Treasury team in accordance with the company's investment management policy that aims to preserve capital and liquidity. Funds were invested in deposits with Tideway's banks and in liquid money market funds. Further to the Framework, funds were disbursed to pay for Allowable Project Spend, as defined in the Licence, which is the cumulative expenditure incurred for the Thames Tideway Tunnel, constituting the regulatory capital value. The Allowable Project Spend is calculated by Tideway and verified on a monthly basis by Mott McDonald, the Independent Technical Assessor (ITA), appointed in connection with the Liaison Agreement, establishing a Liaison Committee with Tideway, Department for Environment, Food and Rural Affairs (Defra) and Thames Water Utilities Limited (Thames Water) as members and the Water Services Regulation Authority (Ofwat) and the Environment Agency (EA) as observers.

The ITA has certified £3,720m of Allowable Project Spend (APS) during the period between August 2017 and March 2025 as follows:

	£ m
Aug 2017 to Mar 2018	389
2018/19	583
2019/20	605
2020/21	542
2021/22	531
2022/23	510
2023/24	352
2024/25	208
Total	**3,720**

The £3,720m of certified APS is in excess of the £2,157m allocated to green issuance, which funded between 25 August 2017 and 31 March 2024, confirming that the use of proceeds of the drawn green issuance is in line with the requirements of the Green Bond Principles.

Impact Reporting

The expected environmental and economic benefits of the project remain as per the original Development Consent Order, which provided the overall permissions to the project, until the TTT is built and starts operations:

- In a typical year, the tunnel will reduce polluting discharges to river by circa 16 million cubic metres (diverted and captured for treatment).
- The three components of the London Tideway Improvements work conjunctively to reduce discharges in a typical year by about 37 million cubic metres, as described in the Framework.

Once the tunnel is fully operational, we will report the impact in accordance with the Handbook on Harmonized Framework for Impact Reporting published by the Green Bond Principles, in particular 'Core Indicator B. Wastewater Treatment Projects, #2) Annual amount of raw/untreated wastewater discharges avoided'. The construction phase is now substantially complete, and we are at the end of the commissioning phase. All the individual discharge points have been connected to the tunnel, with almost seven million cubic metres of sewage already intercepted and prevented from overflowing into the River Thames by the end of March 2025. We are now in the testing phase and expect the handover to Thames Water for operation towards the end of 2025.

Wastewater Management Project	Project Name	Thames Tideway Tunnel
Signed Amount	£ million	2,157
Share of Total Project Financing	%	100
Eligibility for green bonds/ loans	% of signed amount	100
Allocated Amount	£ million	2,157
Project lifetime	In years	120+
#2) Annual amount of raw/ untreated wastewater discharges avoided	Annual absolute (gross) amount of wastewater avoided before and after the project in m^3.	To start in 2025/26 reporting cycle. Ongoing reporting is already on our website.
Other potential indicators (*)	Dissolved O_2 levels <5mg/l at monitoring stations. Amount of Sewage Derived Litter (SDL) intercepted (extrapolated from average SDL at Abbey Mills PS). Number of elevated health risk days.	To start in 2025/26 reporting cycle.

SUSTAINABILITY-LINKED REVOLVING CREDIT FACILITY

Our £160m Revolving Credit Facility (RCF) is structured as a sustainability-linked loan, in accordance with SLLP with a KPI linked to our Legacy commitments. This loan further aligns Tideway's financing, not only with the long-term target of cleaning the river, but also with the significant efforts during construction and commissioning, which have been captured in Tideway's legacy commitments.

Key Performance Indicator

Tideway's RCF includes the agreed sustainable KPI which is the meeting of at least 85 per cent of the live Legacy commitments. The target has continued to act as a strong stimulus for the company to focus on the long-lasting benefits from the project and keep creating a healthier and more sustainable future for London. The credit margin on the facility is reduced if the performance target is met. We completed another five of our 54 legacy commitments in 2024/25, bringing the total closed out to 43 – a total of 80 per cent. At the end of the fiscal year 100 per cent of the live legacy commitments were on track, meeting the 85 per cent KPI. Performance data against each commitment is in our *ESG databook* – see the 'Legacy Commitments' tab Verification. This includes how the commitments map to the UN SDGs and targets.

Assurance

The May 2021 update to the SLLP (further updated in February 2023 and March 2025) requires borrowers to obtain independent and external verification of the borrower's performance level against each KPI at least once a year. This update included an exception to transactions completed prior to 3 June, 2021 following the revised SLLP, and instead should be reviewed in conjunction with the SLLP published in May 2020. This is the case of Tideway's RCF. Tideway has developed a robust internal process to validate the calculation of its performance against the KPI. Furthermore, the social impact study published in 2023 provided a level of external scrutiny of our performance against the Legacy commitments. Our Scope 3 (embedded) carbon data for the project's construction phase has been third party verified. During the construction phase, Legacy information from across the three contract areas of the project was compiled into a standardised reporting workbook by assigned Legacy Managers within each MWCs Joint Venture (MWC JV) and submitted quarterly to Tideway for assurance. For the commissioning and testing phase, with significantly reduced number of live commitments and data, reporting from MWC JVs and Tideway's own commitment owners is six-monthly, with performance and commitment close-out rationale assured by a sub-committee of the Tideway executive committee. Performance reports are also subject to internal review and verification by Tideway's Regulation and Finance departments and are shared with Defra and Environment Agency, and with Tideway's Board semi-annually.

** We expect that Thames Water will publish some additional information as part of its Benefits Realisation Report, with the first report due to be published in 2026.*

Taskforce on Climate Related Financial Disclosures

Introduction

The Thames Tideway Tunnel has a significant carbon footprint due to the embedded carbon within the built asset.

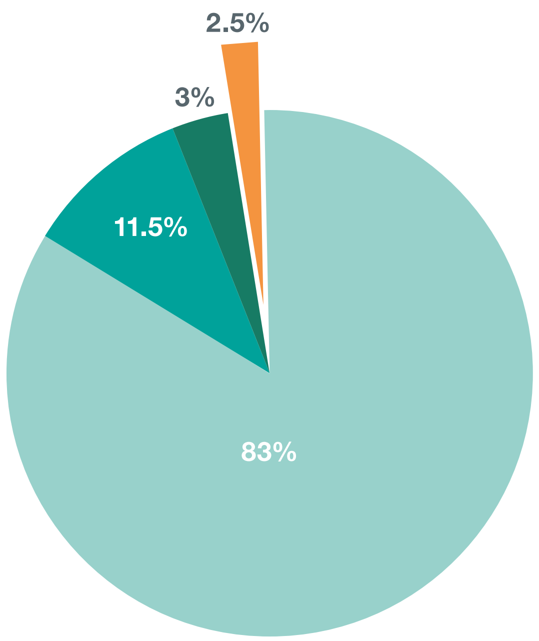
The ***Energy and Carbon Footprint Report*** that was produced for the Development Consent Order (DCO) in 2013 estimated a total carbon footprint in the decarbonised scenario of approximately 840,000 tCO_2e with the principal impact being the greenhouse gas (GHG) emissions arising from the construction of the infrastructure, in particular embodied carbon in manufacturing of materials.

This carbon in materials during the construction phase of the project, which has substantially completed, equated to approximately 83% of the total emissions, with emissions from construction plant and machinery (construction worksite activities e.g. tunnel boring and emissions from plant and machinery) being around 11.5% of the total emissions. The transport of excavated material and construction materials represents approximately 3%. Emissions during the 120-year operational life of the tunnel represent approximately 2.5% of the total GHG emissions, which we refer to as operational carbon. The assumption made for the baseline, is that the UK electricity emission factor would reduce as the grid is decarbonised until the zero carbon target in 2035. This is consistent with the Government's recent ***Clean Power 2030 Action Plan*** (updated in April 2025). Operation of the tunnel, expected to start in 2025, will be the responsibility of Thames Water who will report emissions relating to the above and near-ground shafts and kiosks that house the mechanical and electrical equipment to operate the tunnel. Tideway (Bazalgette Tunnel Limited) is the tunnel asset owner and will report emissions relating to its maintenance.

Through the procurement process, the forecast carbon footprint was reduced to ~770,000 tCO_2e, an expected reduction of 8%. Our Main Works Contractors (MWCs) were required to minimise the carbon footprint of the project under the Works Information 1000 Environmental Management. This objective was also captured by Tideway in the Legacy Plan developed in 2014 and updated in 2017 which sets out targets for delivering a sustainable legacy. During the construction phase, MWCs reported their actual carbon on a quarterly basis, were held to a baseline figure and had their data verified by a third party. During the commissioning phase they report six-monthly on the above ground assets that they control and this data is reported annually.

In 2024 we appointed a third party to undertake a second critical review of our Scope 3 (embedded) emissions against the Greenhouse Gas Protocol guidance on assurance and verification. With construction substantially complete, this was the final critical review. The process did not uncover any material issues and has provided us with certainty in the robustness of our data and has confirmed that the final Scope 3 (embedded) carbon footprint for the construction phase is 553,625 tCO_2e, 28% below our anticipated carbon footprint. Further details can be found in our 2023/24 and final ***Sustainability Report***.

The ability to change the carbon footprint of an infrastructure project of this nature in a significant manner is during the conceptual and design stages with reduced scope to effect further reductions during the construction and commissioning period. Once the tunnel is commissioned and operating, the operational carbon will be minimal as the tunnel is a relatively passive asset. Therefore, certain parts of the Task Force on Climate-related Financial Disclosures (TCFD) recommendations cannot be applied easily to a single infrastructure project. In particular, it has not been possible to set carbon reduction targets that meet the criteria of the Science Based Targets Initiative for example as the carbon footprint is concentrated during the construction and commissioning period, with a natural tailing off towards the end of construction.



GREENHOUSE GAS EMISSIONS

- Materials
- Construction plant
- Construction transportation
- Operational life (120 years)

COMPLIANCE STATEMENT

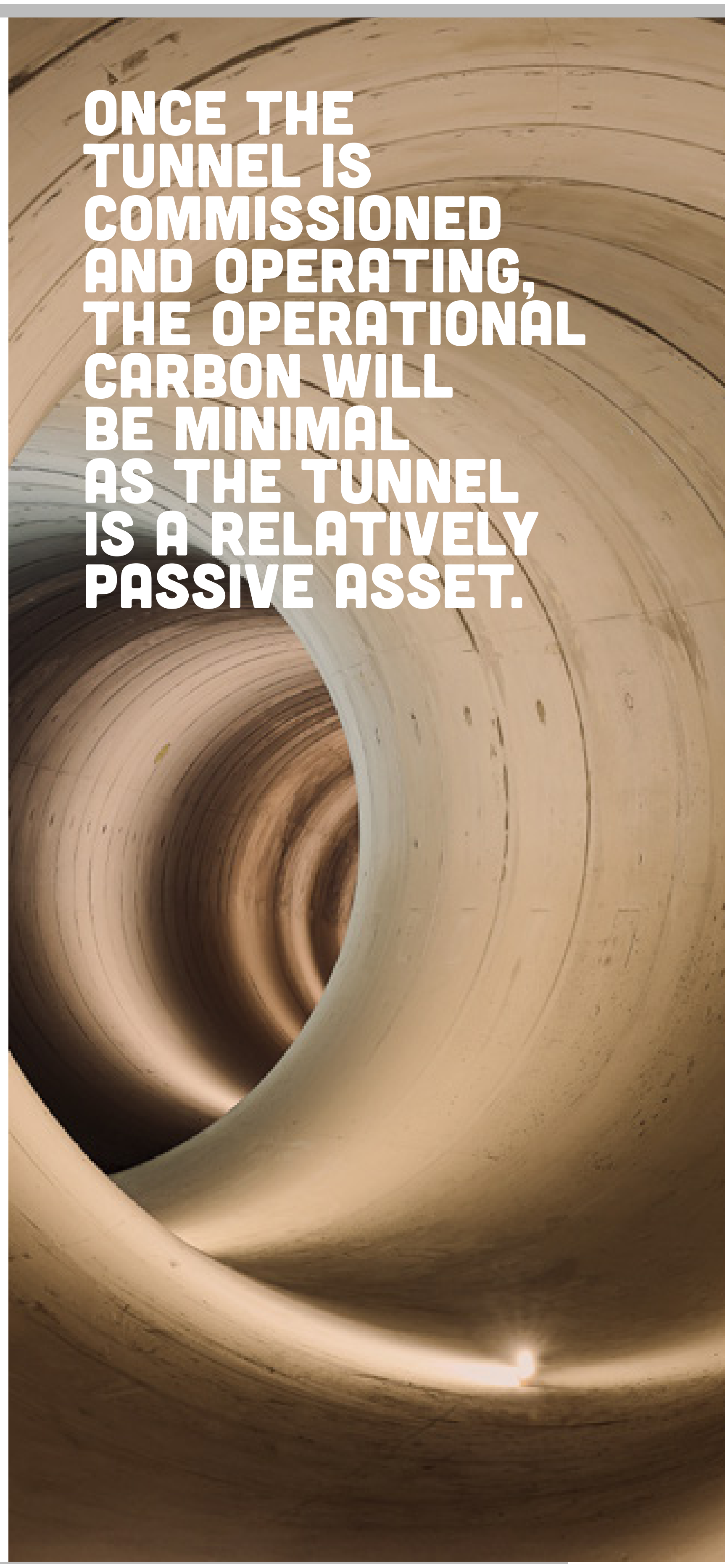
Tideway recognises the importance of, and supports, the TCFD. We are committed to ensuring that our climate change disclosures align with TCFD recommendations.

Our fifth disclosure, set out below, is structured around the four TCFD themes of governance, strategy, risk management, metrics and targets. In line with the Directors' decision to voluntarily report on TCFD matters as if Tideway were required to comply with the Listing Rules, we confirm in line with the FCA Listing Rule 14.3.27, our disclosures are consistent with the TCFD recommendations and recommended disclosures in respect of the financial year ended 31 March 2025.

Tideway undertook climate scenario testing based on the UK Climate Projections 2009 (UKCP09), the best available climate projections for the UK at the time of the original route selection and design decisions. UKCP09 is based upon the Met Office Hadley Centre climate models and provide probabilistic projections of future climate for each decade up to 2100 in overlapping 30-year time periods, along with high, medium and low emissions scenarios. Tideway have used the 10, 50 and 90 percentiles to explore the implications of these uncertainties for the 2050s (2040 to 2069) and 2080s (2070 to 2099) time horizons. As well as climate change population growth was also assessed to test the resilience of this major infrastructure project to the wide variability of projected climate conditions.

There is an opportunity to update these projections with the UK Climate Projections 2018 (UKCP18) published in 2018 and last ***updated*** in 2022. UKCP18 includes for the first time Representative Concentration Pathways (RCPs), a method for capturing assumptions about the economic, social and physical changes to our environment that will influence climate change within a set of scenarios. The conditions of each scenario are used in the process of modelling possible future climate evolution. It provides datasets that represent UK climate in scenarios of 2°C and 4°C of global warming and includes the new UKCP Local (2.2km) providing for the first time national climate change information on a similar resolution to that of current operational weather forecast models. Such an update is likely to be undertaken once the tunnel has been operating for a few years.

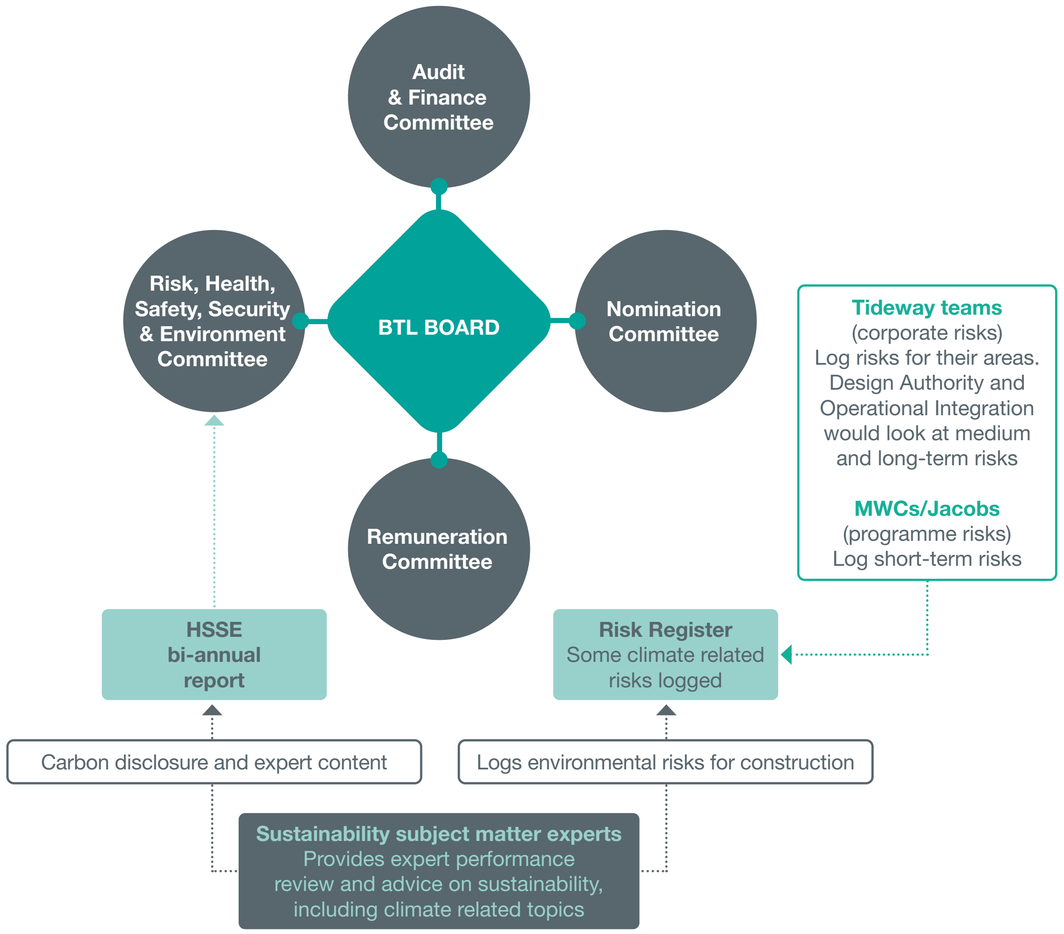
The tunnel has a 120-year design life. Over its design life there will be significant changes in climate and population that will influence the performance of the tunnel and whilst the project has not been designed to withstand every possible future scenario, our modelling shows that the tunnel will continue to provide a good level of resilience for London as we see the impacts of climate change.



Taskforce on Climate Related Financial Disclosures

1. Governance

The governance around climate-related risks and opportunities.

Recommended Disclosure	a) Describe the Board's oversight of climate-related risks and opportunities	b) Describe the management's role in assessing and managing climate-related risks and opportunities
Response	The Board is responsible for setting the strategy and risk appetite for the Company and its approach to risk management. Important aspects of Tideway's business are subject to scrutiny by the Board's committees, which report their findings to the Board. The Risk, Health, Safety, Security and Environment (HSSE) Committee of the Board meets three times a year. The Committee reviews our principal, corporate and delivery risks and risk management processes. All risks, including identified climate-related risks are included within this top-tier risk register. The Committee also has a key role in reviewing, developing and overseeing consistent policy, standards and procedures for managing HSSE risk, and helping to ensure that Board members are sufficiently informed to discharge their individual and collective responsibilities for HSSE. The chair of the Risk, HSSE Committee has experience in managing environmental risk, including climate related. The Audit and Finance Committee of the Board receives updates on developments of ESG and climate-related reporting and regulation as part of its discussion of the Company's Sustainable Financing Strategy and reporting requirements. The Board receives an update from the Chair of each of the Risk and HSSE and Audit and Finance Committees following each meeting.	Our business planning process provides the framework to assessing and managing risks. Most of Tideway's sustainability KPIs were completed as the construction phase of the project came to end and our performance against these, as well as our verified carbon footprint, were reported in the final standalone Sustainability Report. Carbon emissions through the commissioning phase are tracked six-monthly and reported annually through the Annual Report. In addition, a sub-committee of the Tideway Executive team, chaired by the External Affairs Director, meets on an ad hoc basis through the year to review progress and assess risks around the legacy and sustainability programme. Performance is also reported to the Board through a report every six months to the Risk and HSSE Committee and any issues or risks may also be raised through the Audit and Finance Committee. The Head of Corporate Responsibility oversees the reporting on sustainability KPIs and carbon emissions and works closely with the Treasury team on the Sustainable Finance Strategy, which has raised £2.3bn of sustainable financing. To ensure that any lessons are being shared with the wider industry, Tideway were one of the founding members of the knowledge sharing platform i3P and members of our Executive team and subject matter experts have been part of industry working groups on carbon such as the Infrastructure Client Group, the Major Projects Association and the Corporate Forum on Sustainable Finance.
References	Annual Report Risk, HSSE Committee terms of reference	Annual Report
Additional info		

Taskforce on Climate Related Financial Disclosures

2. Strategy

The actual and potential impacts of climate-related risks and opportunities on our businesses, strategy, and financial planning.

Recommended Disclosure	a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long-term	b) Describe the impacts of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning	c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario
Response	**Conceptual stage** During the conceptual stage of the project, climate change was considered as having two principal impacts on the tideway: • On the operation of the sewer system with drier summers potentially causing an increase in pollutant build-up which could increase the adverse impacts of the 'first flush' in any overflow from the tunnel and wetter winters that could lead to more overflows. • On water quality processes in the tideway with increases in river water temperatures leading to dissolved oxygen depletion to lower dissolved oxygen saturation and faster reaction rates, particularly if residual discharges occur when the tunnel is full. **Construction phase** The most significant climate-related risks during the construction period are: • changes in design or the construction methodology to reduce a particular risk which results in increases in carbon. • compliance with the DCO, in particular maintenance of flood defences of London during the construction work on 11 of our river-based construction sites. Throughout the duration of the project there have been several noteworthy interventions which have resulted in reductions in construction carbon and have contributed to the 28% reduction in our anticipated Scope 3 (embedded) carbon. Some were made during the conceptual and design phases before BTL was awarded the licence to build the tunnel. Examples include changes to the route of the tunnel, use of lower carbon concrete, thinner secondary lining, and a reduction in the transport emissions due to the increased use of the river to transport materials. We have incentivised our contractors to continually strive to improve their carbon impact through, for example, our innovation programme where we ran a specific carbon innovation programme and awarded funding for the use of telematics on site to track driver behaviour to reduce idling. **Operational phase** During the operational phase, the main risk will be how well the tunnel design withstands changes in climate, with the risk of drier summers, wetter winters and an increase in the population of London resulting in exceeding the capacity of the tunnel or the treatment centre. This tunnel is designed to accommodate climate and population scenarios until at least 2080 as per the DCO Energy and Carbon Footprint report. Opportunities to reduce carbon footprint during the operational phase are limited. In any case, Tideway is only responsible for maintenance of the tunnel while Thames Water will be the operator, which further reduces the opportunity to reduce emissions as it may be reliant on decarbonisation of the grid in 2030. The tunnel is a high-quality asset built to achieve 120 years design life expected to require minimal maintenance of deep level assets contributing to the low carbon footprint during the long operational stage. Once the tunnel is operational, the EA and Thames Water will discuss phasing out current mitigation measures that include the use of two vessels for oxygenation and two skimmers, with consequent reduction in carbon consumed in operating and maintaining these diesel-fuelled vessels.	**Construction phase** Impact is limited given scope, advanced stage of construction and commissioning and because breaching DCO requirements is subject to reasonable endeavours. There are, however, reputational and regulatory risks. Notwithstanding the advanced stage of construction, the business remains alert, and possible changes in law could pose non-material near-term financial impact. We have undertaken a number of workshops to reflect on how we have managed our GHG emissions and what we would do differently if we were starting to design and construct the Tideway tunnel today. The findings were published in a Carbon case study on our website. We continue to look for opportunities to optimise operational performance in the commissioning phase, which includes the potential to reduce emissions – for example, we are exploring the potential to reduce the duration of operation for the fans used as part of the tunnel's air management system. **Operational phase** Should the parameters used in the DCO scenarios be exceeded, there would be potentially more frequent discharges in the Thames with limited implications on water quality, biodiversity and public health as annual CSO discharges would see a modest increase (see 2.c) below). Thames Water is responsible for the operation of the tunnel under the London Tideway Tunnels operating techniques agreed with the EA.	At the time of the original route selection and design decisions, the best available climate projections for the UK were the UKCP09 projections, based upon the Met Office Hadley Centre climate models. UKCP09 provides an estimate of the range of model-related uncertainties in the future projections, along with high, medium and low emissions scenarios. Tideway have used the 10, 50 and 90 percentiles to explore the implications of these uncertainties for the 2050s (2040 to 2069) and 2080s (2070 to 2099) time horizons. Modelling of the future scenario suggests that in a typical year climate change and population growth will mean that by the 2080s the number of CSO discharge events into the tidal Thames will increase from the four that are predicted for 2013 conditions to five for the median projection, with a range from four (10 percentile) to eight (90 percentile) events for the medium emissions scenario. The main tunnel would therefore continue to provide a good level of service (compared to the frequency of more than 50 events in a typical year before the tunnel was connected) in a plausible range of future conditions. If the projected small increase in frequency of CSO discharge events does begin to occur over the coming decades, then there are feasible adaptations to the London Tideway Improvements that could be implemented in a timely and incremental way. These include further incremental Sewage Treatment Works improvements which could be undertaken to treat projected additional sewage flow; integration with possible flood alleviation tunnels; and catchment scale implementation of Sustainable Drainage Systems (SuDS) or green infrastructure. SuDS is not a feasible response to deal with previous or future CSO discharges. SuDS could, however, augment the CSO control achieved by the project and partially mitigate against climate change.
References	Annual Report *Energy and Carbon Footprint Report – DCO document* Sustainable Finance Report London Tideway Tunnels Operating Techniques	Prospectus Licence London Tideway Tunnels operating techniques	*Resilience to Change – DCO document* Major Infrastructure Resilience to Projected Changes to Population and Climate*

* Authors: D. Crawford, A. Hon, A.P. Hagger, paper presented in 2016 at WefTec2016 conference.

Taskforce on Climate Related Financial Disclosures

3. Risk Management

How we identify, assesses and manage climate-related risks.

Recommended Disclosure	a) Describe the organisation's processes for identifying and assessing climate-related risks	b) Describe the organisation's processes for managing climate-related risks	c) Describe how the processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management
Response	During construction, the Tideway Risk Management process aligned with the process the Association of Project Management stipulated as to be considered good practice. The Tideway Risk Management process identifies and assesses risks, including climate-related risks pertaining to the delivery and commissioning phases, within an ongoing review and reporting cycle. Our works planning and sequencing takes into consideration potential higher frequency of tidal surges and closures of the Thames Barrier. Risks identified and assessed at (1.) site level with project delivery teams (Project Manager and Main Works Contractor), Asset Management/Design Authority and Engineering, (2.) Area wide and Programme wide level (3.) Corporate and Executive risk reviews (Operations, Regulatory, Legal, Finance, External Affairs, IS). Risks are assessed quantitatively against project scoring schemes and qualitatively against corporate scoring schemes for probability and impact (Health and Safety, Direct Cost, Time, Reputation, Environment, Non-Project/Whole Life Costs etc.). Assessments are made by suitably skilled and experienced professionals, consulting subject matter experts (Project Managers, Quantity Surveyors, Engineering Leads etc.) as required. The risk process after Handover will be significantly different as the Company transitions to the long-term phase of maintaining the asset (that will be operated by Thames Water). The approach to risk and strategies post-Handover are being developed.	Within Tideway, Risk Management is an active and iterative process that involves identifying and implementing response strategies for either threats or opportunities. The intent is to reduce or eliminate threats or enhance opportunities. Each risk has an overarching management strategy and detailed response actions including the assigned response owners and timescales for review/closeout. These response actions are specific, 'time bound', appropriately allocated and monitored. Tideway is at the end of the commissioning stage and with the tunnel already in use and undergoing testing, most of the high impact low probability (HILP) risks associated with the construction of the project have now been retired. The Risk Management processes described above covers all risks identified on the programme, including climate-related risks. **Supply Chain and stakeholders** During construction, our MWCs reported their Scope 3 (embedded) carbon on a quarterly basis, were held to a baseline figure, and had their data verified by a third party. During the commissioning phase they report six-monthly on the above ground assets that they control and this data is reported annually. We comply with greenhouse gas (GHG) reporting requirements outlined by Ofwat, the water regulator. We have updated our SWOT analysis – Strengths, Weaknesses, Opportunities, Threats. Our SWOT analysis of our data and methodology focuses on our scope 3 (embedded) emissions and can be found in the *Annual Performance Report*. The EA, another of our regulators, has placed climate risk at the centre of its operation and regulation. Our equity and debt investors have an increased focus on integrating ESG factors into the investment processes and expect reporting on climate and other matters following recognisable international standards. Our three shareholders are members of the Principles for Responsible Investment.	Within the Tideway Risk Management process all risks, including climate-related risks, are managed and reviewed in a hierarchy with risks escalated for management review and response as required. The Board Risk and HSSE Committee is supported by a Corporate Risk Committee and an Executive Risk Committee that considers on a rolling basis the programme and corporate risks. Tideway ran a programme of three mandatory carbon training workshops for Tideway Executives.
References	Annual Report	Annual Report Regulatory Performance Report	Annual Report

Taskforce on Climate Related Financial Disclosures

4. Metrics and Targets

The metrics and targets used to assess and manage relevant climate-related risks and opportunities.

Recommended Disclosure

a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management processes

Response

The origins of our legacy were set out in the Sustainability Statement, which was submitted as part of our DCO application. The Statement contains 15 objectives under 11 thematic areas used to appraise the sustainability performance of the project. Some of these objectives have been addressed through the planning stage, such as land use, while others will be realised as outcomes of the project during operation, e.g. enhanced river water quality.

Our commitments have evolved into 54 metrics within our Legacy Plan under five themes that capture the range of opportunities created by the project – Environment; Health, Safety and Wellbeing; Economy; People; and Place.

We completed another five of our 54 legacy commitments in 2024/25, bringing the total closed out to 43 – a total of 80 per cent. We expect to complete a further seven by Handover later in 2025, with four remaining commitments relating to long-term environmental benefits such as water quality. For the project to date, 50 commitments have been active, with 46 or 92 per cent achieved or on track. Out of the legacy commitments, four are climate related. Our Legacy performance dashboard that can be found on our ***ESG databook***, details the Measure, Target and our Performance against these commitments.

The metrics and performance against our environmental and climate commitments, included water, construction waste and beneficial reuse of excavated material.

We have aligned ourselves to the World Resources Institute and the World Business Council for Sustainable Development definitions of Scope 2 and 3 emissions.

References

Sustainability Statement

Legacy Plan

Sustainable Finance Framework

ESG Databook

b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 Greenhouse Gas emissions and related risks

Response

For the commissioning phase of the project, our Scope 3 emissions are based on energy usage from the new permanent, above ground assets used in the operation of the tunnel. Tideway does not have Scope 1 emissions, and our Scope 2 emissions are based on energy usage at our corporate offices. Data is summarised in the table below.

	2024/25	
Scope 1 Emissions – Operational	**FY tCO_2e**	**PTD tCO_2e**
Operation of the tunnel		
Total Scope 1 Emissions	**N/A until operation**	
Scope 2 Emissions – Indirect Emissions Electricity consumption used by Tideway (Bazalgette Tunnel Limited) controlled offices at Camelford House and the Cottons Centre.		
Location based		
Total Scope 2 Emissions	21	542
Scope 3 Emissions – Embedded (Cradle to build)		
Total Scope 3 Emissions	35	553,625**

**Subtotals may not sum up due to rounding.*

With construction substantially complete, we have achieved a 28% reduction on our anticipated carbon footprint of ~770,000 tCO_2e. Our verified scope 3 (embedded) carbon emissions is 553,625tCO_2e for the project's construction phase. Further details can be found in our 2023/24 Sustainability Report [tideway-sustainability-report-2023-24.pdf].

There are some remaining emissions as we finish the final architecture and landscaping and other above ground completions. We consider these emissions to be minimal in relation to the overall carbon footprint (projected to be less than 1% of our verified carbon footprint) and they are not being disclosed or subject to a third party Critical Review.

***As a result of a correction in 23/24 Project To Date data, Scope 2 PTD up to March 2024 is 521 (corrected from 553) and up to March 2025 is 542.*

References

Annual Report

c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets

Response

The forecast carbon footprint of the project was ~770,000 tCO_2e of which 97.5% is construction carbon as explained in the introduction.

Construction phase targets

The carbon related Key Performance Indicators (KPIs) were included in the Works Information that are part of the contracts between Tideway and the Main Works Contractors. Details of the KPIs that our MWCs provide can be found in our ***ESG databook***.

Operation phase targets

In a typical year, for mid-2020s conditions, the Thames Tideway tunnel will further reduce polluting discharges by circa 16 million cubic metres (avoided and captured for treatment). The tunnel is expected to capture approximately 96 per cent of the overflow volume that used to enter the river in a typical year and reduces the number of individual overflow events at any controlled CSO from over 50 down to four or less. The residual CSO discharge would be approximately 2.4 million m^3 per year.

References

Resilience to Change – DCO document

Sustainable Finance Framework

ESG Databook

Works Information

Financial Performance Review

ACCOUNTING POLICIES

The Company's financial statements have been prepared and approved by the Board of Directors in accordance with UK-adopted international accounting standards (IAS) in conformity with the requirements of the Companies Act 2006 ("UK-Adopted IFRS"). The financial statements are prepared in accordance with the historical cost accounting convention except for certain financial instruments that are measured at fair value. The financial statements are presented in Pounds Sterling. Our key accounting policies are outlined in note 1 to the financial statements.

During the construction phase of the project, expenditure which is directly attributable to bringing the Thames Tideway Tunnel into its intended use will be capitalised as an asset under construction within the Statement of Financial Position. Similarly, during the construction phase, any regulated revenue amounts received from Thames Water, will be deferred onto the Statement of Financial Position. This is because the performance obligation for recognising these amounts as revenue in the Income Statement will not be met until the tunnel is operational and being used by Thames Water. Post System Acceptance we consider that accounting for the Thames Tideway Tunnel as a finance lease is the most appropriate accounting basis under IFRS.

NON-GAAP MEASURES

In our financial reporting, we use certain measures that are not required under IFRS, the Generally Accepted Accounting Principles (GAAP). We believe these measures are valuable to the users of the Financial Statements in helping them understand our underlying business performance. Our principal non-GAAP measure is Allowable and Excluded Project Spend.

Under our Licence, our costs are classified as either 'Allowable Project Spend' or 'Excluded Project Spend'. Allowable Project Spend (on a cash basis) is added to our Regulatory Capital Value (RCV). Excluded Project Spend (on a cash basis), such as financing costs, is not added to the RCV.

Allowable costs are stated on an accrual basis, which form part of the Allowable Project Spend when the underlying assets or liabilities are cash settled. Excluded costs are costs stated on an accruals basis which will be Excluded Project Spend when the underlying assets or liabilities are cash settled.

For the purposes of calculating net debt, borrowings include all intra-group and third-party borrowings with the exclusion of shareholder loan notes.

INCOME STATEMENT

During the year, Tideway reported a profit of £3.5m (2023/24: £14.5m profit), with no dividends paid or proposed (2023/24: £nil). We did not recognise any taxable profits in the period (2023/24: £nil) and the resulting corporation tax charge for the year was £nil (2023/24: £nil).

We do not consider that the reported profit in the year reflects our business performance, as it results from the movement in the fair value in the Company's derivative financial instruments. These are long-term swaps which we entered into with commercial banks to economically hedge the interest costs of the Company's debt. The swaps fix volatility in finance costs for the Company's regulatory period and ensure that we benefit from low-cost financing.

The movement in fair value of these financial instruments is recognised in the Income Statement because, under International Accounting Standards (IAS) 23, these do not represent current borrowing costs incurred for financing the project and so, unlike our other expenditure, cannot be capitalised. Note 11 to the financial statements provides more detail on the financial instruments.

We have made a 'disregard election' to HMRC which means that any gains or losses arising from the movement in the fair value will be disregarded for current tax purposes (the Tax section later in this Financial Performance Report provides more details).

STATEMENT OF FINANCIAL POSITION

The total carrying value of the tunnel asset under construction is shown in the table.

Asset Under Construction (£m)	Year Ended 31 March 2025	Year Ended 31 March 2024
Net Book Value Brought Forward	5,400.7	4,832.0
Additions (Capitalised Costs)*	372.2	568.7
Net Book Value Carried Forward	**5,772.9**	**5,400.7**

* *Capitalised costs is the GAAP measure and aligns to note 6 of the financial statements.*

At 31 March 2025, costs of £5,772.9m were capitalised within the asset under construction in the Statement of Financial Position. This represents £372.2m costs during the year and £5,400.7m for the prior periods to 31 March 2024.

The table reflects the split of this years capitalised costs between the Direct costs, Indirect costs and Excluded costs.

Analysis of Capitalised Costs (£m)	Year Ended 31 March 2025	Year Ended 31 March 2024
Direct Costs	122.3	284.6
Indirect Costs	54.2	68.7
Total Allowable	**176.5**	**353.3**
Excluded Costs	195.7	215.4
Total Capitalised Costs	**372.2**	**568.7**

DIRECT COSTS

Direct costs are primarily the Main Works Contractor costs and the System Integrator contract so reflect costs directly related to the secondary lining works and other related construction activities such as shaft construction and marine works. Direct costs have reduced compared with 2023/24 as the project comes closer to completion.

INDIRECT COSTS

The largest indirect cost is Resource Costs of £39.5m. This represents the cost to employ an average of c190 Full Time Equivalents (FTEs) (2023/24: c232 average FTEs) either employed or contracted by the Company. Other Indirect Costs totalled £14.7m in the year and this includes the cost of information systems, insurance, GSP, office and other running costs. Indirect costs have decreased compared with 2023/24.

EXCLUDED COSTS

The Excluded costs (on an accrual basis) for the year ended 31 March 2025 were £195.7m. These mainly comprise of £203.2m of interest expense (including shareholder loan interest), £9.0m of costs which mainly relate to financing, partly offset by £16.5m interest income. Excluded costs are lower than 2023/24 mainly as a result of the impact of lower inflation on existing index linked debt and lower interest rates in the current year.

Financial Performance Review

COSTS AND NET CASH OUTFLOWS COMPARISON

The table shows both the Allowable costs and Excluded Costs and the equivalent Allowable Project Spend and Excluded Project Spend.

	Year Ended 31 March 2025			Year Ended 31 March 2024		
Analysis of Project Costs and the Equivalent Net Cash Outflows (£m)	**Costs**	**Timing Differences**	**Cash Outflow**	**Costs**	**Timing Differences**	**Cash Outflow**
Direct Costs	122.3	30.6	152.9	284.6	8.1	292.7
Indirect Costs	54.2	0.9	55.1	68.7	(9.6)	59.1
Total Allowable	**176.5**	**31.5**	**208.0**	**353.3**	**(1.5)**	**351.8**
Excluded Costs	195.7	(111.3)	84.4	215.4	(207.7)	7.7
Total	**372.2**	**(79.8)**	**292.4**	**568.7**	**(209.2)**	**359.5**

For the year ended 31 March 2025, our Allowable Project Spend of £208.0m is £31.5m higher than the Allowable costs of £176.5m. The Excluded Project Spend outflow of £84.4m is £111.3m lower than the Excluded Costs of £195.7m. This is mainly due to accretion costs on our debt for which the associated cash flow will not occur until the future.

NET DEBT AND FINANCING

Net debt at 31 March 2025 was £3,770.0m, which was £99.5m higher than the £3,670.5m net debt at 31 March 2024.

The table (below) compares the movements in net debt.

Net Debt (£m)	31 March 2025	31 March 2024
Cash*	111.9	167.7
Borrowings**	(3,679.6)	(3,618.2)
Accretion on Index Linked Financial Instruments***	(209.2)	(219.2)
Lease Liabilities	(0.1)	(0.8)
Net Debt	**(3,777.0)**	**(3,670.5)**

* ***Cash** excludes short-term deposits*

** ***Borrowings** exclude the shareholder loans*

*** ***Accretion on Index Linked Swaps** sits within Derivative Financial Instruments in the Statement of Financial Positions (see note 11 to the financial statements).*

At 31 March 2025, the Company's total borrowings were £4,644.5m being £972.6m of shareholder loans and £3,679.6m of other borrowings which include third party borrowings and intra-group debt, less £7.7m of unamortised debt issue costs.

CASH

Cash and cash equivalents at 31 March 2025 was £111.9m, which was £55.8m lower than the £167.7m cash and cash equivalents at 31 March 2024. The table below shows the movement in cash:

Cash Flows (£m)	Year Ended 31 March 2025	Year Ended 31 March 2024
Cash generated from operations before changes in working capital	–	–
Decrease in trade and other payables	(44.3)	(19.7)
Decrease in trade and other receivables	6.4	29.0
Increase in advance payment liability	128.1	106.5
Net cash from operating activities	**90.2**	**115.8**
Construction of infrastructure asset	(252.9)	(359.8)
Repayment of loan from an intra-group company	22.4	–
Funds placed in short-term deposits	(70.0)	(230.0)
Short-term deposits matured	155.0	220.0
Net cash used in investing activities	**(145.5)**	**(369.8)**
Proceeds from new borrowings	–	315.7
Repayment of lease liabilities	(0.5)	(1.5)
Net cash from financing activities	**(0.5)**	**314.2**
Net (decrease)/increase in cash and cash equivalents during the year	**(55.8)**	**60.2**
Cash and cash equivalents at the beginning of the year	167.7	107.5
Cash and cash equivalents at the end of the year	**111.9**	**167.7**

Net cash flows from operating activities of £90.2m (2024: £117.0m) represent movements in working capital and are mainly driven by timing of payments to our Main Works Contractors and the receipt of regulated revenue payments from Thames Water which are deferred on the Statement of Financial Position during the construction phase of the project.

Net cash flows used in investing activities of £145.5m (2024: £369.8m) show the gross cash outflows used in constructing the Thames Tideway Tunnel as well as movements from short-term deposits which represent money market funds where cash is held on deposit, and repayment of loan from an intra-group company.

The net cash flows used in financing activities of £0.5m (2024: cash inflows of £314.2m) are principal repayment of lease liabilities (2024: largely the result of £315.7m proceeds from new borrowings (£250.0m US Private Placement loan, and £65.5m indexed link bonds), partly offset by £1.5m repayment of lease liabilities).

Financial Performance Review

FINANCIAL KEY PERFORMANCE INDICATORS (KPIs)

Under its Common Terms Agreement (CTA), Tideway must comply with a set of financial covenants including to calculate two key ratios, Senior Regulatory Asset Ratio (Senior RAR) and Funds from Operations Interest Cover Ratio (FFO ICR) and report compliance with certain thresholds in specified circumstances. The performance of the two ratios for 2024/25 are provided below.

1. Senior RAR

This ratio compares the net debt to the RCV. It is calculated as long-term senior borrowings, less cash and short-term deposits to the RCV. The Senior RAR trigger in the CTA is 70%.

2024/25 performance = 68.0%

2023/24 performance = 68.7%

The table provides a reconciliation to the net debt in the financial statements:

	Senior RAR		31 March 2025	31 March 2024
A	Net Debt – per CTA (£m)		3,626.7	3,456.3
B	RCV – per CTA[1] (£m)		5,333.0	5,029.9
C	Senior RAR (%)	A/B	68.0	68.7

[1] RCV is per the CTA definition not the Regulatory Accounts definition

Reconciliation to reported net debt (£m)	31 March 2025	31 March 2024
Net Debt – per CTA	3,626.7	3,456.3
Short-term deposits	145.0	230.0
Other adjustments[2]	5.3	(15.8)
Reported Net Debt	3,777.0	3,670.5

[2] Adjustments for Premium on £75m bond (series 17), partly offset by Discount on £250m bond (series 11) and Discount on £300m bond (series 18)

2. FFO ICR

This ratio compares the level of cash interest cover compared with the funds from operations. The FFO ICR trigger in the CTA is 1.3 times. The test period is twelve months to the reporting date.

2024/25 performance = 5.8 times

2023/24 performance = 13.1 times

	FFO ICR		31 March 2025	31 March 2024
D	Net Cash Flow – per CTA (£m)		129.9	116.4
E	Debt Interest – per CTA (£m)		22.4	8.9
F	FFO ICR	D/E	5.8	13.1

The table provides a reconciliation of Net Cash Flow and Debt Interest to the financial statements.

Reconciliation to the Financial Statements (£m)	31 March 2025	31 March 2024
Increase in advance payment liability 2024/2025[1]	128.1	–
Increase in advance payment liability 2023/2024[1]	–	106.5
VAT adjustment per CTA	1.8	9.9
Net Cash Flow for CTA	129.9	116.4

Reconciliation to the Financial Statements (£m)	31 March 2025	31 March 2024
Net interest (exc. shareholder interest) paid 2024/2025	21.9	–
Net interest (exc. shareholder interest) paid 2023/2024	–	8.6
Commitment fees paid 2024/2025	0.5	–
Commitment fees paid 2023/2024	–	0.3
Debt Interest – per CTA[2]	22.4	8.9

[1] Part of "Cash from operations" within the cash flows statement

[2] Part of "Construction of infrastructure asset" within the cash flows statement

REVENUE

Within the financial statements, all regulated revenue is deferred in the Statement of Financial Position, in line with our revenue recognition accounting policy. During the year, we received cash inflows of £128.1m (2023/24: £106.5m) from revenue, which includes some revenue from prior years.

TAX

The Directors are responsible for ensuring that we comply with tax laws in the UK, which is the only territory we undertake our business activities in. We are committed to complying with tax laws in a responsible manner and to having open and constructive relationships with the tax authorities.

The scope of our business activities in the UK mean that we are subject to the scope of corporation tax, employment taxes, Value Added Tax (VAT) and other taxes such as environmental levies related to our project activities. Consequently, the Directors are responsible for ensuring that we calculate, collect and pay the appropriate taxes to HM Revenue & Customs and as a result the taxes we pay make an economic contribution to the UK. We believe we are compliant with all applicable UK tax legislation and pay the correct taxes on time and in full.

During the construction phase of the project, we anticipate that we will not pay any Corporation tax. This is because the tunnel we are building is an asset that will not be ready for economic use until it is fully operational. The System Acceptance date is when Thames Water will accept the tunnel for operational use. The significant amounts of expenditure we incur in construction go towards the development of that asset.

We do receive regulated revenue payments from Thames Water during the construction phase, however we do not recognise these as revenue in the Income Statement. This is because the performance obligations for recognition of this revenue will not be met and fulfilled until the System Acceptance date. This effectively means the recognition of revenue is matched to the same period where economic value can be obtained from the tunnel.

Our Income Statement does recognise profits and losses from the valuation of derivative financial instruments. As a result of the potential volatility of such items and because they are forward looking in nature, HMRC allows companies to take an exemption which effectively removes them from the calculation of taxable profit or loss.

As a result of the accounting implications of the above, our Income Statement is unlikely to have taxable profits during the construction phase. This is in line with expectations at the time Tideway was procured and customers benefit in full from lower bills as a result of this. In the post construction taxation periods when the Tunnel asset is fully operational, we expect this position to change.

TAX STRATEGY

Tideway's commitments on tax and adherence to them are underpinned by the tax strategy which is based on the following principles:

1. **Tax planning and compliance:** We will engage in tax planning that supports our business and reflects commercial and economic activity. We will not engage in artificial tax arrangements and will adhere to relevant tax laws and seek to minimise the risk of uncertainty or dispute. Tideway is part of the Bazalgette Equity Limited Group, of which all members are domiciled in the UK. We consider the interaction with company members when we implement our tax policies.
2. **Relationship with HM Revenue & Customs (HMRC):** We will seek to build and maintain a constructive relationship with HMRC. We will work collaboratively wherever possible with HMRC to resolve disputes and to achieve agreement and certainty. We will engage with the government on the development of tax laws where we can and where the tax law change is relevant to Tideway's business activities.
3. **Transparency:** We support measures that build greater transparency, increase understanding of tax systems and build public trust.
4. **Tax risk management:** We identify, assess and manage tax risks and account for them appropriately. Risk management measures are implemented including controls over compliance processes and monitoring of effectiveness.
5. **Governance:** The Chief Financial Officer (CFO) is responsible for and implements our approach to tax, which is reviewed and approved by the Audit and Finance Committee. The CFO is also responsible for ensuring that appropriate policies and procedures are in place and maintained and that the financial control team, with specialist external support as necessary, has the appropriate skills and experience to implement the approach effectively.

The publication of this strategy is considered to constitute compliance with the duty under paragraph 16(2) Schedule 19 Part 2 of the UK Finance Act 2016.

Risk Management

Our ability to deliver positive outcomes for our stakeholders depends on our risk management which is embedded in our culture and is central to achieving our objectives and priorities.

We have implemented a framework which gives us a defined process for identifying, analysing and controlling both corporate and project delivery risks. This includes quantification of project risks, and the potential cost and impact to the schedule and allows us to challenge the effectiveness of our mitigating actions.

RISK MANAGEMENT FRAMEWORK

Our risk management approach ensures that we monitor and review the external environment and the uncertainties we face to ensure that we can respond appropriately to external changes, mitigate risks where we can and keep our project on track. We consider the emerging issues that may impact the project's future as part of our annual business planning.

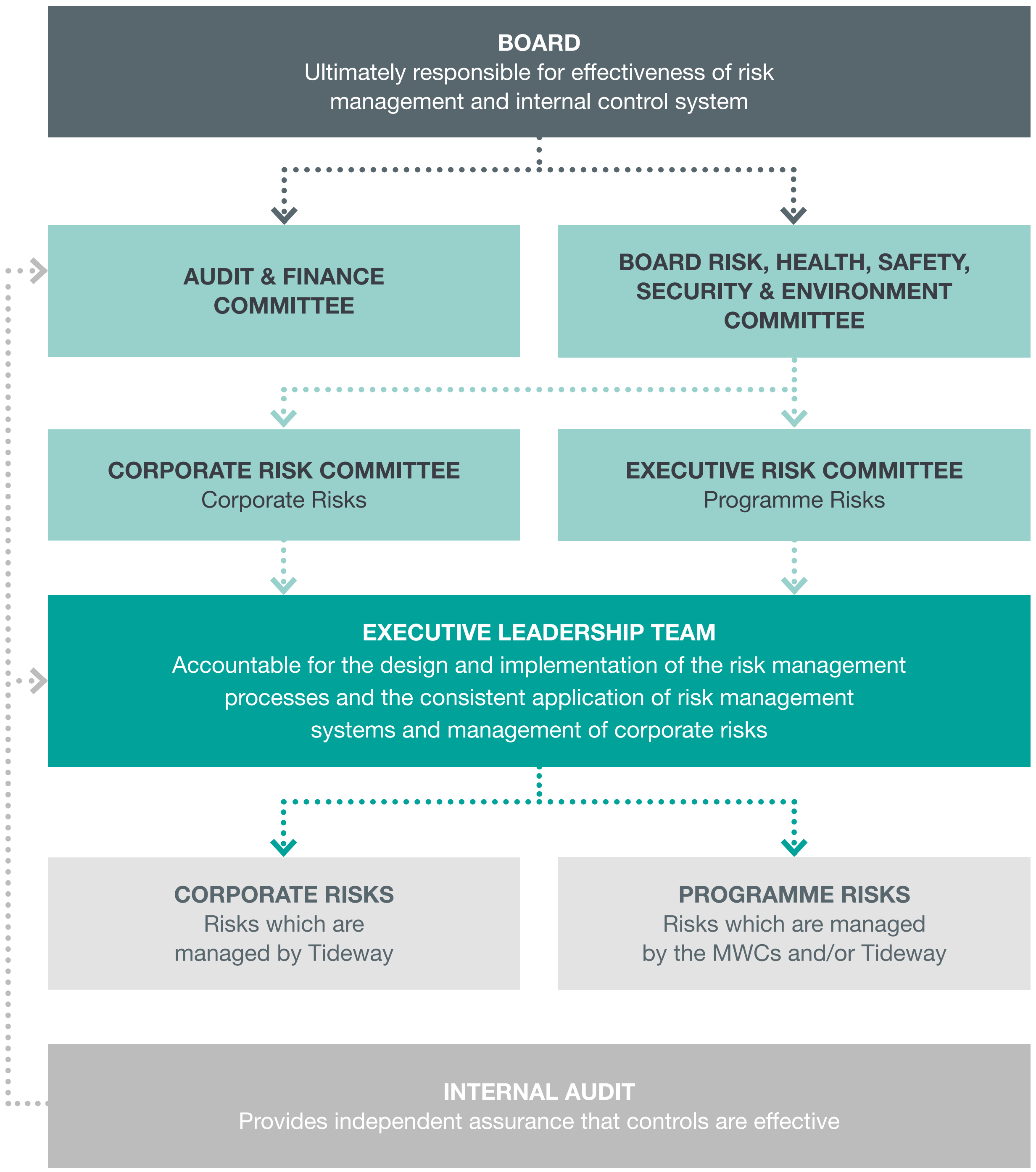
The Board Risk, Health, Safety, Security & Environment Committee reviews our principal risks and risk management processes and reports its findings to the Board. It considers:

- Corporate risks, those that might impact on the financial and reputational viability of the company.
- Programme risks, which impact the physical delivery of the tunnel and associated works.
- Principal risks, which bring together the corporate and programme risks that have the potential for the most material impact on the business.

The Board Risk, Health, Safety, Security & Environment Committee is supported by a Corporate Risk Committee and an Executive Risk Committee that considers the programme risks across the West, Central and East areas as well as System Integrator and System Commissioning risks.

We apply the three lines of defence model, to review the appropriateness and compliance with our controls and assurance activities. As the company moves into a new phase of the project we are actively reviewing our approach to compliance and assurance to ensure it remains fit for purpose.

OUR RISK MANAGEMENT FRAMEWORK



PRINCIPAL RISKS

We assessed our principal risks regularly, updated our mitigations throughout the year and implemented changes to manage our risk exposure. We considered whether there were material changes to increase or decrease our risk exposure. There are eleven principal risks across nine categories and each is assessed against its target level.

While there have been developments across a number of risks, the overall exposure has remained broadly stable with the exception of programme delivery, supply chain failure, inflation and Thames Water. Risk related to programme delivery, supply chain failure and inflation all reduced in exposure. At this stage of the project the likelihood an issue having a major impact or consequence on the programme delivery has reduced; the risk of a supply chain failure is significantly reduced and the inflation rate is now closer to target and moving within a narrower range. Thames Water risk exposure was increased, we continue to note Thames Water's evolving financial position and this has led to concern that their situation might change. We remain confident that the company's revenues are well protected given water industry legislation and the licence obligations that apply to both Thames Water and Tideway. We continue to work effectively with Thames Water to deliver the benefits of the project.

OUR RISK APPETITE

Tideway's risk appetite remains unchanged. To manage the risks we face, we define our risk appetite, which is the level of residual risk that we are ready to take. Although this appetite recognises the agreements that underpin our delivery model, such as our Licence and the Government Support Package, our Board can further refine the residual risk through the strategies it sets.

Tideway's risk policy is to target an overall Company risk profile consistent with an independent UK regulated water company. This reflects our Board's risk appetite which is low and the importance of resilience. The Board's appetite for risk has been at the core of the main strategic decisions that it has taken to date.

Risk Management
Principal Risks

1 HEALTH, SAFETY & WELLBEING

OVERALL

Description
The health, safety and wellbeing of our employees and the public is paramount. There is a risk that incidents could cause harm to individuals and delay progress.

Effect
A safety failure in HSW controls could cause injury, affect health and wellbeing or lead to loss of life. A single serious event or multiple events could also lead to delays or stoppages that could prevent us meeting our time and cost targets.

Mitigation
Our RightWay programme is aligned to the delivery programme and has been reviewed for the commissioning phase. Our EPIC programme continues and is complemented by an induction programme specifically for the commissioning phase which highlights the specific risks and control measures.

Several working groups have been established to identify how to manage risks associated with MEICA works, increased interaction with Thames Water networks and architecture and landscaping e.g. Safe Asset Access Working Group a collaborative forum of MWC, Thames Water, PM and Client.

Relevant Objective
HEALTH, SAFETY & WELLBEING

Commentary*
NO CHANGE IN RISK LEVEL

MARINE

Description
There is a risk that a single marine incident could lead to multiple persons being affected or harmed and delay progress.

Effect
A failure in HSW controls could result in damage to third party assets, significant injury and potentially a loss of life. All of which have the potential to cause significant programme delays, reputational impact and may invite scrutiny / enforcement action from applicable regulators.

Mitigation
Tideway continues to monitor marine risks and has implemented a Marine Assurance Plan and Marine Safety Action Plan. Inspections and surveillance both on vessels and from riverbanks and bridges ensure compliance with Tideway requirements.

Relevant Objective
HEALTH, SAFETY & WELLBEING

Commentary*
NO CHANGE IN RISK LEVEL

2 PROGRAMME DELIVERY

Description
We are delivering a capital investment programme of £4.6bn. While there is experience of delivering similar projects in London, it is possible that the construction could take longer than planned and/or cost more.

Effect
A delay in delivering the tunnel would delay Londoners' benefits from the project and could attract regulatory enforcement.

Cost increases above the regulatory baseline would increase charges to those customers receiving wholesale services from Thames Water, increase financing requirements and reduce returns for our investors.

Mitigation
Our approach to working with our contractors will help us to deliver the programme on time and to budget.

This includes:

- World-class contractors, with experience of major infrastructure / tunnelling projects in London.
- Contracts that transfer certain risks to our contractors who are better placed to manage them.
- An integrated, proactive approach to risk management with a focus on the transition to new phases of work including MEICA, architecture/landscaping and testing and commissioning.
- Commercial settlements to ensure the contractors remain focused on delivery, quality and driving costs down.

Relevant Objective
SCHEDULE, COST & QUALITY
FINANCING

Commentary*
REDUCED EXPOSURE

3 SUPPLY CHAIN FAILURE

Description
Our delivery strategy is based on outsourcing works. Our ability to deliver therefore depends on our contractors' performance.

Effect
If our contractors do not deliver at the standards we expect, we may not be able to deliver our investment programme on time and on plan.

Mitigation
The procurement process ensured our contractors were technically excellent and financially strong. Within each consortia the contractors are joint and severally liable; the contracts also contain step-in rights, whereby one consortia could replace another, which helps mitigate against financial failure.

Relevant Objective
SCHEDULE, COST & QUALITY

Commentary*
REDUCED EXPOSURE

4 HILP – HIGH IMPACT, LOW PROBABILITY EVENTS

Description
Major investment programmes are complex and challenging, and we could suffer incidents that were highly unlikely but have a significant impact. These could affect the tunnel or assets belonging to others.

Effect
HILP events could have a significant effect on cost, schedule, health and safety or our reputation. Their financial impact could exceed our insurance cover, damaging our financial position and our ability to deliver the project.

Mitigation
We minimise the chance of these events occurring by using best-in-class design, programme management and appropriate construction techniques. Our contractors have extensive experience of similar projects in London.

In the unlikely event that we make a claim that exceeds the limits of our insurance, the GSP provides support. Tideway is at the end of the commissioning stage and with the tunnel already in use and undergoing testing, most of the HILP risks associated with the construction of the project have now been retired.

Relevant Objective
HEALTH, SAFETY & WELLBEING
COMPANY & PEOPLE
SCHEDULE, COST & QUALITY
FINANCING
VISION, LEGACY, & REPUTATION

Commentary*
REDUCED EXPOSURE

5 CREDIT RATING

Description
Adverse operational or financial performance, or factors external to the Company, could result in a credit rating downgrade.

Effect
Tideway has a licence obligation and financial covenants to maintain an investment grade credit rating. The loss of this rating could require remedial action that may require restructuring including raising equity. It may also impact Tideway's ability to raise debt and would prevent distributions.

Mitigation
We have a robust delivery model, within a regulated framework, and a GSP. We maintain a conservative financial profile and actively manage risks. We regularly engage with rating agencies. The credit ratings remain two notches above licence and financing documents covenants.

Relevant Objective
FINANCING

Commentary*
NO CHANGE IN RISK LEVEL

* *Compared to previous year*

Risk Management
Principal Risks

6 INFLATION

Description
There is a risk that a decrease in inflation or the Retail Price Index (RPI) reform could have a negative impact on Tideway's business.

The inflation rate is now closer to target and moving within a narrower range.

Effect
Our RCV is indexed to RPI until 2030, and lower inflation would reduce nominal cash-flows and returns which are directly linked to RPI.

Also, lower inflation could have a negative impact on our financial covenants, including those related to gearing.

Mitigation
Tideway has issued 71.5 per cent of its long-term debt indexed to RPI and Consumer Prices Index (CPI). Reductions in revenue due to low inflation would therefore be partially offset by reductions in interest cost. The resulting correlation between nominal RCV and nominal debt will help to protect interest cover and gearing ratios and equity returns.

The RPI reform will be implemented from 2030 with RPI converging to Consumer Prices Index including owner occupiers' housing costs (CPIH), at which time Tideway's licence will have transitioned to CPIH indexation, with the similar timetable to transition into CPIH being a positive development for Tideway.

Relevant Objective
FINANCING

Commentary*
REDUCED EXPOSURE

7 REPUTATION

Description
There is a risk that an operational incident undermines confidence in Tideway's ability to deliver.

Effect
An incident erodes confidence in Tideway's ability to deliver, and adversely impacts the company's interests.

Mitigation
Tideway continues to take forward a proactive approach to communications and engagement, reflecting the evolution of the project. We have an experienced team in place delivering a proactive, multi-platform communications and engagement strategy as well as responding to issues when required.

Relevant Objective
COMPANY & PEOPLE

VISION, LEGACY & REPUTATION

Commentary*
NO CHANGE IN RISK LEVEL

8 THAMES WATER PERFORMANCE

Description
Thames Water is a key partner for Tideway. In addition to the Revenue Agreement, we have an Interface Agreement that governs several important interactions with Thames Water, including its delivery of the Thames Water Works during the construction period and access to the Thames Water network to facilitate Tideway works during the Handover and System Acceptance process.

For the operational period (post System Acceptance) the Interface with Thames Water is governed by an Operations and Maintenance Agreement.

Effect
Thames Water's failure to deliver its share of the works or support delivery of Tideway works could affect our ability to deliver our investment programme on time and on budget. If Thames Water does not comply with the Revenue Agreement, it could have a financial impact.

Mitigation
Tideway and Thames Water have worked closely together through all key milestones to date and have developed a joint approach to System Commissioning, Handover and Acceptance. The approach to the first two milestones is captured in a 'Strategic Intent' document agreed between two parties. A further 'Strategic Intent 2' is being planned to further optimise the System Acceptance phase.

The 'Strategic Intent' (to optimise the System Commissioning, Handover and System Acceptance of the TTT for the benefit of customers and the environment) is being implemented with the use of phased activations / commissioning and revised climatic scenarios agreed for System Acceptance.

A further 'Strategic Intent 2' is being planned to further optimise the System Acceptance phase following completion of storm testing (and when impacts of low rainfall periods are fully understood).

Formal oversight through the Interface Committee, informal via Leadership Oversight Group and Leadership Nodes for each delivery discipline are managing any interface challenges as they arise.

Thames Water has a licence obligation to pass revenues to Tideway under the Revenue Agreement. A licence breach by Thames Water is enforceable by Ofwat.

Tideway is monitoring the impact of Thames Water's corporate position.

Relevant Objective
SCHEDULE, COST & QUALITY

Commentary*
INCREASED EXPOSURE

9 REGULATORY AND POLITICAL

POLITICAL CLIMATE

Description
Political institutional and policy changes pursued by the Government may have legal, regulatory, reputational and relationship impacts on Tideway.

Effect
High levels of political, media and public focus on the negative impacts of sewage discharges may raise awareness of the need for the TTT. It could also increase scrutiny of Tideway's scope and the availability of the tunnel.

Any institutional reforms could affect Tideway's relationship with key stakeholders such as Defra and Ofwat and/or its legal and regulatory environment.

Mitigation
Mitigations include information gathering and relationship with political stakeholders, legal horizon scanning, and Defra/Ofwat engagement. We engage with reviews of the water sector, economic regulation and other topics where relevant to Tideway. Where appropriate we will highlight the benefits provided by the competitive bid process and Tideway model.

Relevant Objective
SCHEDULE, COST & QUALITY

FINANCING

Commentary*
NO CHANGE IN RISK LEVEL

REGULATION

Description
Tideway must comply with regulatory requirements, including those in our licence granted by Ofwat. We also aim to meet other regulatory expectations, such as those set out in Ofwat's Vision and Strategy.

Effect
If we do not meet Ofwat's requirements, we could face enforcement including financial penalties or the loss of our licence. A revised regulatory framework could affect financial performance and investors' returns.

Failure to align with regulatory expectations could damage Tideway's relationship with Ofwat and other key stakeholders and potentially lead to new obligations.

Mitigation
Tideway's focus is on compliance, high performance, and positive regulatory relationships. We monitor regulatory expectations of companies as they are relevant to Tideway and respond appropriately.

Tideway has a robust licence compliance procedure that minimises the risk of non-compliance.

Relevant Objective
SCHEDULE, COST & QUALITY

FINANCING

Commentary*
NO CHANGE IN RISK LEVEL

* *Compared to previous year*

Long-Term Viability Statement

The UK Corporate Governance Code requires company directors to state whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over a long-term period.

To assess the Company's long-term viability, the Board has:

- identified the most appropriate period over which to make the assessment;
- evaluated the Company's current position and future prospects;
- considered the potential impact of principal risks (taking into account availability and effectiveness of risk mitigation plans) over the period and where appropriate, analysed the potential financial impact under a suitable set of sensitivities; and
- overseen the governance process, ensuring robust levels of assurance over the analysis, and drawn conclusions regarding the company's long-term viability.

APPROPRIATE PERIOD

The Board considers that it is appropriate to assess the Company's viability over the period to 2032, in line with the industry average. This period extends beyond the forecast timeline for delivery of the Thames Tideway Tunnel and System Acceptance by Thames Water and falls beyond the end of the current regulatory period (2030). The Board is not aware of any specific relevant factors that would affect this statement beyond this period and therefore has no reason to believe the Company will not be viable over a longer period.

CURRENT POSITION AND FUTURE PROSPECTS

The viability assessment takes into account our business and financing plan which is prepared as part of our annual planning process. Tideway has now raised £3.3bn of long-term financing since Licence Award. As of 31 March 2025, this represented 100 per cent of funding needs to Handover (planned for September 2025) and nine months after that. We expect to be able to raise new finance for any additional funding needs in the period to 2032.

POTENTIAL IMPACT OF PRINCIPAL RISKS

Where appropriate during the year, we conduct sensitivity analysis on our financial model to stress-test the resilience of the Company and our business model to the potential impact of our principal risks, or a combination of those risks. For the purposes of this assessment, we have considered the likely impact of each principal risk on the Company's viability, taking into account the availability and effectiveness of risk mitigation plans and the measures we could realistically take to avoid or reduce the impact or occurrence of the underlying risks. In considering the likely effectiveness of such actions, we take into account the Board's regular monitoring and review of risk management and internal control systems.

The Board confirms that it has conducted a robust assessment of the principal risks (considering availability and effectiveness of risk mitigation plans) facing the Company, including those that could threaten its business model, future performance, solvency and/or liquidity, and which are set out in the Principal Risks section of this report.

Tideway has nine principal risks and the scenario analysis (outlined in the table below) has covered six of these. The three risks that have been excluded from the analysis are:

- HILP events as it is considered too remote for meaningful quantification and substantially covered by commercial insurance and/or the Government Support Package. HILP risks are substantially retired in line with the advanced status of delivery;
- Credit Rating Risk: Our credit ratings have remained unchanged since Licence award at Baa1 by Moody's and BBB+ by Fitch, being two levels above the covenants in the CTA and Licence. The factors that could lead to a downgrade remain material schedule delays or other significant delivery problems and unfavourable regulatory developments. The financial impact of any downgrade is indirectly captured in the programme delivery scenarios 1 and 2 below; and
- Reputational Risk as the financial impact cannot be quantified.

We have assessed the potential impact of the remaining six relevant principal risks on Tideway's viability by modelling several scenarios, which have been discussed and agreed by the Board. Before mitigations, we consider there are four key routes through which viability could be impacted: i) increases in the total costs of the project (including potential delays in the project as ultimately this will translate into a cost increase scenario), particularly if the Company were to bear a disproportionate share of these costs; ii) reduction in outturn inflation, iii) increase in interest rates and iv) disruption to our revenue collection including an increase in bad debt. For each of these routes, we have modelled scenarios representing impacts ranging from plausible downside to severe downside, as well as reviewing a scenario comprising the current estimate considered by the Board.

- Cost increase: Our current estimate of £4.6bn compares to our regulatory baseline of £3.5bn (£3.1bn in 2014/15 prices). Our plausible downside scenario coincides with the High case scenario of £4.64bn. We consider a severe downside case to be the plausible downside case with a 20% increase in the remaining costs to complete, which equates to a total cost of £4.69bn.
- The Threshold Outturn is the limit up to which the Company will be required to fund expenditure. The GSP provides that the company may request that the Secretary of State provide contingent equity in respect of the cost overrun above the Threshold Outturn. Ofwat compares our total cost against the Threshold Outturn in 2014/15 prices and there is headroom in the plausible downside and severe downside scenarios of circa £121m (2024: £160m) and £71m (2024: £150m), respectively, while our cost to completion stands at £198m in the Base case.
- High inflation is not a risk to Tideway as we receive higher revenue as the RCV increases with inflation. Therefore, for inflation risk we have modelled low inflation scenarios where outturn inflation is 1% and 2% lower than current expectations for 4 years, as well as a scenario of 0% average inflation in the period. The Bank of England policy response to high inflation has led to higher interest rates. Therefore, we have also modelled scenarios where outturn interest rates are 1% and 2% higher than current expectations for 4 years, as well as a scenario of 4% higher through to 2032. These sensitivities have been run in isolation (i.e. without including the benefit from higher inflation) to show that the worst case scenarios have limited impact. This is due to Tideway having already raised significant long-term financing and all the financing raised to date is in either an inflation linked or fixed-rate format.
- As the bad debt impact has a limited impact on the Company's long term viability, we assumed a conservative 50% lower revenue collection in one, two and four years in the period. These scenarios also capture the risk of material disruption to our revenue collection due to other factors. This includes potential impacts of Thames Water (TWUL) or a Special Administrator not paying Tideway revenue for a period of time before enforcement action is taken by Ofwat to address the situation or the issue being addressed by the revenue reconciliation mechanism.
- Finally, we have modelled a combined scenario with the plausible downside EAC, 2% lower inflation for 4 years, 50% revenue under recovery for 2 years and 2% higher interest rates for 4 years, which we consider a reasonable composite downside combination of impacts.

Long-Term Viability Statement

The outcome of the sensitivities has been assessed considering a range of different financial ratios and the output of this analysis is summarised in the following table:

SCENARIO ANALYSIS

Principal Risk	Scenario	Assessment	Mitigation Strategies
Programme Delivery (incorporating delays, also including HSW, Supply Chain Failure, Thames Water performance, Political and Regulatory risks). Principal Risk No. **1. 2. 3. 8. 9.**	**Scenario 1.** An increase of 28% £0.055bn in the remaining cost to complete the project (net of any sharing of costs assumed with the Main Works Contractors). **Scenario 2.** An increase of 20% to the plausible downside EAC £0.1bn in the remaining cost to complete the project (net of any sharing of costs assumed with the Main Works Contractors).	Tideway would be able to finance the increase in cost in Scenario 1 and Scenario 2 by flexing the amount of distributions to its shareholders and drawing existing available facilities. Gearing and interest cover ratios would be consistent with an investment grade rating, and compliant with our financing covenants.	The programme risk is most significant during construction which is largely behind us, but some risk will still exist as the project finishes the commissioning stage and enters the systems acceptance period. The programme risk is managed through Tideway's risk management framework, which is explained in the previous Risk Management Section. The mitigation strategies for Scenarios 1 and 2 include the raising of new debt (within our gearing ratio requirement) and flexing the level of distributions to our shareholders.
Inflation Risk	**Scenario 3.** Outturn inflation 1% lower than current forecast for 4 years then reverts to the long term forecast. **Scenario 4.** Outturn inflation 2% lower than current forecast for 4 years then reverts to the long term forecast. **Scenario 5.** Average inflation 0% until 2030. **Scenario 6.** Interest rates 1% higher than current forecast for 4 years then revert to the long term forecast. **Scenario 7.** Interest rates 2% higher than current forecast for 4 years then revert to the long term forecast. **Scenario 8.** Interest rates 4% higher than current forecast until 2032.	Over 70% of Tideway's debt portfolio is linked to inflation, and therefore our assets and liabilities would move in a similar way. Gearing and interest cover ratios would be consistent with an investment grade rating and compliant with our financing covenants.	The key mitigation strategy for Scenarios 3, 4, 5, 6, 7 and 8 is that over 70% of Tideway's debt portfolio is linked to inflation, and therefore our assets and liabilities would move in a similar way. The residual risk is considered acceptable.
Thames Water (TWUL) Performance – Revenue Collection (Including bad debt) Principal Risk No. **8.**	**Scenario 9.** A 50% under recovery in one year. **Scenario 10.** A 50% under recovery in two years. **Scenario 11.** A 50% under recovery in four years.	Our revenue includes a building block that deals with under recovery of revenue, and therefore the impact would be temporary and limited. There is a possible risk that TWUL, given its current financial position, or a Special Administrator may choose not to pay an element of Tideway's revenue. This would not be consistent with TWUL's licence and would be expected to lead to a breach and enforcement action. After mitigation gearing and interest cover ratios would be consistent with an investment grade rating and compliant with our financing covenants.	The value of the revenue collection increases each year as revenue is driven by the RCV which accumulates each year. However, the main mitigation strategy for Scenarios 9, 10 and 11 is that there is a building block that deals with the under recovery of revenue which mitigates the risk to an immaterial level. Furthermore, we have considered the scenario of TWUL or the Special Administrator choosing not to pay Tideway's revenue. While the risk is reasonably low we have sought and received clarification with Ofwat and Government on the statutory and regulatory protections and actions that both parties (Ofwat and Government) would take in those circumstances.
Combined Scenario	**Scenario 12:** (1, 4, 7 and 10). This is seen as a highly unlikely scenario.	After mitigation gearing and interest cover ratios would be consistent with an investment grade rating, and compliant with our financing covenants.	See above.

Note: For scenario 12 our modelling projects a change in capital will be required during 2024/25 to be compliant with our gearing financing covenant. However, as the value required is small, we would look at other actions, such as re-profiling some of the non-critical path expenditure and debt repayments, as a sufficient alternative.

GOVERNANCE, ASSURANCE AND CONCLUSIONS

In reaching its conclusion, the Board has taken into account Ofwat's statutory duty to secure that companies can finance their functions and has assumed that there will be no changes to the regulatory framework or Government policy that will adversely affect the Company's viability. The Board also believes that financing will be available to Tideway over the period covered by the analysis.

We have undertaken a range of internal assurance activities, which the Board considers to provide a robust degree of assurance over the analysis. The internal assurance activities have included a first and second line of defence review as described in the Board statement on accuracy and completeness of data and information within this report.

On the basis of the robust assessment of our principal risks and on the assumption that we manage or mitigate them in the ways disclosed, the Board's review of the business plan and other matters considered and reviewed during the year, and the results of our sensitivity analysis and assurance described above, the Board has a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period to 2032.

GOING CONCERN

The Board has also considered it appropriate to prepare the financial statements on the going concern basis. The Directors believe, after due careful enquiry, that the Company has sufficient resources to continue in operational existence for the foreseeable future and has assumed that there will be no changes to the regulatory framework or Government policy that will affect the Company's viability. Therefore, the Directors consider it appropriate to adopt the going concern basis in preparing these financial statements.

....

Baroness Ruby McGregor-Smith CBE
Deputy Chair and Independent Non-Executive Director
(Chair of the Audit and Finance Committee)

The Strategic Report was approved by the Board on 17 June 2025 and was signed on its behalf by:

....

Andy Mitchell CBE
Chief Executive Officer

Section 172(1) Statement

The Board of Directors, both collectively and individually, confirm that during the year under review, it has acted to promote the long-term success of the Company for the benefit of its members as a whole and other stakeholders.

The Board understands all of its duties under the Articles of Association and those codified in law namely section 171 to 177 Companies Act 2006 and, in particular, has due regard to the matters set out in section 172(1)(a) to (f) of the Companies Act 2006 (Section 172(1)).

Our shareholder groups are represented on our Board, enabling them to support decision-making and provide important project oversight and governance.

Section 172(1) of the Companies Act 2006 requires that when making decisions, the directors must act in the way they consider, in good faith, is most likely to promote the success of the company for the benefit of its members as a whole, while also considering the broad range of stakeholders who are affected by the company's activities. Section 172 requires directors to have regard (among other matters) to:

- **a.** The likely consequences of any decisions in the long term.
- **b.** The interests of the company's employees.
- **c.** The need to foster the company's business relationships with suppliers, customers and others.
- **d.** The impact of the company's operations on the community and environment.
- **e.** The desirability of the company maintaining a reputation for high standards of business conduct.
- **f.** The need to act fairly as between members of the company.

This statement, with references to other parts of the Annual Report, explains how the Directors have had regard to the matters set out in section 172. We also explain some of the principal activities of the Board, how the interests of stakeholders were taken into account and what the outcomes of those activities were.

LONG TERM DECISION MAKING

The Directors understand the evolving nature of the project and the challenges associated with ensuring the business is prepared for current and future phases of the project. Our strategy, objectives and priorities for 2025/26 are approved by the Board and included in the Strategic Report section of this report. This year the Board has considered key milestones for the project and future phases of the company and project.

THE INTERESTS OF THE COMPANY'S EMPLOYEES

The Directors recognise that Tideway employees are vital to the successful completion of the project. It remains a strategic priority to manage the capabilities of the organisation to support and encourage efficient delivery through a motivated and empowered team. The Board has been briefed on internal resource requirements as the organisation moves into the commissioning and Handover phases of the project and transitions from a construction to an operational organisation. Lady McGregor-Smith, in her capacity as the then designated Non-Executive Director representing workforce matters until November 2024, met with employee representatives and reported their views to the Board. For more information see the Company and People section of the Strategic Report and the Board Induction section of the Governance Report for information concerning Mohammed Saddiq, the current designated Non-Executive Director representing workforce matters.

RELATIONSHIPS WITH SUPPLIERS, CUSTOMERS AND OTHERS

The Alliance brings together Tideway, Thames Water, the Programme Manager, the Main Works Contractors and the System Integrator. We share lessons learned that enable us to best deliver the project. This year, the Board oversaw an acceleration of significant collaborative planning to prepare for system commissioning.

Our legacy commitments include supporting ethical sourcing in the supply chain. The steps Tideway has taken during the financial year, to ensure that modern slavery is not taking place in any part of its business or supply chains, have been outlined in the Tideway Modern Slavery Statement which is reviewed annually by the Board and is available on the Tideway website. More generally, it is a strategic objective to maintain a supportive environment for completing the tunnel and to develop a positive reputation with stakeholders. Tideway takes a proactive approach to engagement, using a range of communication channels to inform the public and engage with our neighbours.

For more information on our legacy commitments and our approach to stakeholder engagement, see the ***Vision, Legacy and Reputation*** section of the Strategic Report.

Opening ceremony for Putney Embankment.

Section 172(1) Statement

THE IMPACT OF THE COMPANY'S OPERATIONS ON THE COMMUNITY AND ENVIRONMENT

The Directors are mindful of the long-term commitments contained in Tideway's Legacy Plan and the Board has had oversight of progress toward the delivery of our 54 legacy commitments and the contribution they make to the UN Sustainable Development Goals. See the Vision, Legacy and Reputation section of the Strategic Report.

The Board's HSSE and Risk, HSS&E Committees regularly reviewed performance on environmental and sustainability matters and related risks on the risk register. See the reports on the activities of the HSSE and Risk, HSS&E Committees for more information.

MAINTAINING A REPUTATION FOR HIGH STANDARDS OF BUSINESS CONDUCT

Maximising our reputation and legacy is one of Tideway's strategic priorities. The company's proactive approach to engagement and communication is regarded as key to public accountability.

STAKEHOLDER BODIES

The final meeting of the Thames Tideway Tunnel Forum took place during the reporting period. This body, together with the Independent Compensation Panel and the Independent Complaints Commissioner was independently chaired and submitted annual reports to the Tideway Reporting Group. For more information see Engaging with Our Stakeholders.

THE NEED TO ACT FAIRLY AS BETWEEN MEMBERS OF THE COMPANY

Three shareholder Directors sit on the Tideway Board where they represent the views of investors in Board discussions and decision-making. The arrangements we have in place to ensure Tideway maintains an independent Board for the purposes of strategic and risk management decisions are set out in the Corporate Governance Statement 2024 section of this report. Detailed information about our Shareholders and their relationship with Tideway is set out in the Relationship with Shareholders section of this report.

EXAMPLES OF BOARD ACTIVITIES

	Future Tideway	System Commissioning and progress towards Handover
Summary	Further to the recommendation of the Nomination Committee, the Board approved the appointment of Matt Parr as Tideway's Deputy Chief Executive in September. A key component of his responsibilities is to lead on the development of the strategy for the Future Tideway. The Board also considered and reflected on updates: • on a workstream to develop the guiding principles for future corporate strategy. This considered the importance of delivery of the TTT, risk appetite for future activity, future regulatory arrangements; and • development of the purpose mission and values of the Future Tideway, the people strategy for the Future Tideway workforce, knowledge management and the distinctiveness of the Tideway from other water companies. The Board also considered a briefing on Tideway's reputation, highlighting its successes and legacy potential and opportunities to further build on its reputation to benefit all scenarios for the Future Tideway.	Tideway's progress towards system commissioning and the further project milestone of Handover continued to be scrutinised by Board members. In addition to the deep dives presented to the Risk Committee and Risk, HSS&E Committee (attended by a majority of Board members), the Board received reviews of the project schedule and milestones via discussions on monthly performance reports. The Board also received briefings and presentations on: • progress towards readiness for the commencement of Preliminary Commissioning by the removal of the Shaft F wall, the final isolation between the Lee Tunnel and the TTT; • the principal risks around the site activation schedule and progress towards the System Commissioning Commencement Date; and • an overview of the programme schedule required to achieve the System Commissioning Commencement Date and subsequent testing and inspections required in readiness for Handover, Completion of the Whole of the Works and the System Acceptance Period. The Board also approved amendments to the System Commissioning Commencement Date and the Handover date during the year.
Stakeholder considerations	The updates included reflections on stakeholder perceptions (including those of our Regulators, Financiers and Shareholders) of risks and opportunities for the Future Tideway.	Board members received updates on matters affecting the Main Works Contractors and the System Integrator, as well as the interfaces with Thames Water and the Port of London Authority necessary to achieve phased commissioning. See Our Strategy and Priorities for 2025/26 for how progress towards the milestones noted above have shaped plans for the future phases of the project.
Outcomes	The Future Tideway updates have given the Board the assurance that strategy development is being informed by stakeholder relationships and the need to ensure the successful delivery of the TTT project. For information on how the Future Tideway discussions have fed into the Business Plan see Our Strategy and Priorities for 2025/26.	This oversight has given the Board a good level of assurance about the management of the programme schedule and Tideway's constructive collaborative approach with our stakeholders to ensure Tideway's interests are protected and has retained TWUL's continued engagement in achieving the major programme milestones of the Preliminary Commissioning Commencement Date, the System Activation Commencement Date, the System Commissioning Commencement Date, Handover and System Acceptance.

Our Strategy, Objectives & Priorities for 2025/26

As the Company completed main construction and activated all sites to enable sewage to be captured by the tunnel it is important to ensure that our approach reflects our future.

The Board has agreed that while our objectives have served the Company well for ten years it is right that they evolve to reflect the move into operations and asset management.

These strategic objectives reflect our future challenges but also demonstrate a commitment to what has been and will be important to Tideway. This includes the safety of our people, the relationship we have with London and our partners and a resilient financial structure including regulatory environment with fair returns for investors.

For the coming year we will focus on:

- Health and safety as we move into a new phase – commissioning activities and full operations.
- The timely achievement of handover when Thames Water will be responsible for operating the system and contract close out.
- Ensuring the tunnel operations are stable and reliable.
- The approach to ensuring the timely achievement of System Acceptance.
- Transitioning the company towards an operational utility.
- Promoting the benefits of the system to protect the tidal River Thames.

SAFE, SUSTAINABLE ASSET MANAGEMENT

OBJECTIVE

We manage our infrastructure the right way, prioritising long-term safety and sustainability. We maximise availability of the Thames Tideway Tunnel for the benefit of London.

PRIORITIES

- Deliver our operations safely
- Successful project completion
  - Timely Handover and System Acceptance
  - Efficient commercial closeout
  - Establishing steady state operations
- Reliable system performance
  - Maximise asset availability
  - Monitoring performance

RELEVANT PRINCIPAL RISKS:

- Health, safety and wellbeing
- Programme delivery
- High impact, low probability events
- Supply chain failure
- Thames Water
- Regulatory and Political

CONNECTED PEOPLE AND PARTNERS

OBJECTIVE

We are a responsible company that fosters a culture of respect and collaboration. We attract, develop and retain the right people, who are trusted by our partners.

PRIORITIES

- Deliver an effective people strategy
- Deliver an effective stakeholder engagement strategy
- Demonstrate and communicate our impact
- Maintain robust and reliable systems
- Manage an effective transition

RELEVANT PRINCIPAL RISKS:

- High impact, low probability events
- Reputation

RESILIENT FINANCE

OBJECTIVE

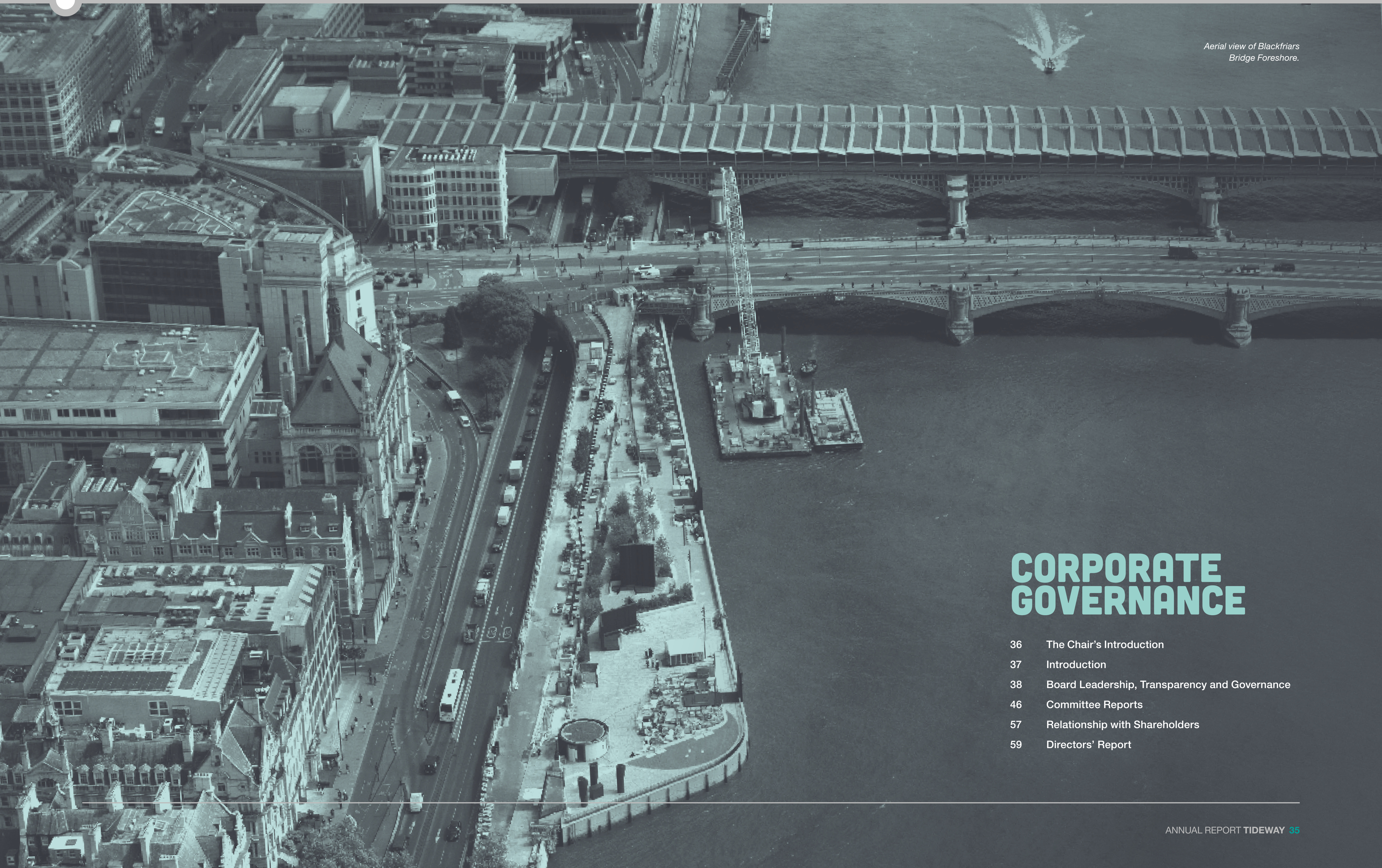
We deliver efficient, sustainable financing and risk management. We work to secure a regulatory environment that supports us in our commitments.

PRIORITIES

- Deliver an effective, resilient and sustainable financing plan which includes fair returns for investors
- Ensure financial control and risk management
- Maintain effective financial reporting and investor engagement
- Achieve supportive regulatory regime

RELEVANT PRINCIPAL RISKS:

- Programme delivery
- High impact, low probability events
- Credit risk rating
- Inflation
- Regulatory and political



Aerial view of Blackfriars Bridge Foreshore.

CORPORATE GOVERNANCE

The Chair's Introduction

On behalf of the Board, I am pleased to introduce the corporate governance section of Tideway's Annual Report for the year ended 31 March 2025.

This is my first year as Chair, following my appointment in October 2024. I was delighted to take up the baton from Sir Neville Simms, who chaired Tideway with tremendous skill and commitment. In particular, I'd like to express my gratitude to Sir Neville in helping shape and guide the Company to a position which is well placed for TTT to complete its commissioning stage and which has demonstrated its ability to contribute to a significant reduction in sewage releases into the River Thames.

As the project advances into its final stages, we are maintaining the high standards of corporate governance that have guided the business to date. The following report describes how Tideway's governance operates, the main activities of the Board in the year 2024/25, and summarises how our governance arrangements have given the Board and its Committees the opportunity to provide the Executive Team with effective guidance and constructive challenge.

As the project progresses through significant milestones, it has been, and continues to be, of paramount importance that Board members have a deep understanding of current and future risks and opportunities for Tideway as the Company nears the completion of the TTT project. During the year, the Board has overseen Tideway's annual business planning activities and progress towards commissioning across the project. In addition, the Board, the Risk Committee and Risk, HSS&E Committees have considered particular risks that have the potential to have a significant negative impact on the Project's progress and the mitigations developed and put in place to try to counter those risks. We outline all our principal risks and uncertainties in the Risk Management section of this report.

ORGANISATIONAL EVOLUTION

A particular focus of the Board this year has been to ensure Tideway is well placed for changes required for the organisation to prepare itself for System Acceptance and its transition into an operational asset holding utility. We were therefore pleased to announce the appointment of Matt Parr as Deputy Chief Executive Officer. This change in our leadership structure reflects our commitment to ensuring we focus on thinking about the Future Tideway, whilst continuing to drive forward towards completion of the TTT.

BOARD EVOLUTION

During the year, we merged the Risk Committee and the Health, Safety, Security & Environment Committee and we were pleased to establish the Risk, Health, Safety, Security & Environment (Risk, HSS&E) Committee, which is chaired by Mike Putnam. Oversight of Tideway's health, safety, security and environmental strategy and objectives remains crucial to ensure successful completion of the TTT, however, the level and range of Tideway's H&S risk is evolving as construction and commissioning nears completion. Continued scrutiny of HSSE and risk issues in the same board fora and under a simplified Board and Board Committee structure has revised our oversight to reflect the risks of the business.

Additional changes to the terms of reference for the Board and Board Committees were made during the year. The full terms of reference for the Board and Board Committees are provided on our website.

Our governance arrangements continue to adhere to Ofwat's board leadership, transparency and governance principles (the Principles), and we comply with all but two of the applicable requirements of the 2018 UK Corporate Governance Code (the Code). These relate to the requirements that: at least half the Board, excluding the Chair, should comprise Independent Non-Executive Directors (provision 11); and the Chair should serve no more than nine years on the Board (provision 19). We explain this in the Corporate Governance Statement 2024 section of this report where you will also find more information about how we comply with both the Principles and the Code. More detailed reporting on our compliance with the Principles and the Code is available on Tideway's website.

The Board also adopted the 2024 edition of the Code, noting the staggered timetable of the changes coming into force, and which we will start to report against in respect of our 2026 Annual Report and Accounts.

SUCCESSION AND EVALUATION

On the recommendation of the Nomination Committee, we welcomed Shirley Campbell and Mohammed Saddiq to the Board on 28 November 2024. Shirley's HR and organisational development expertise and Mohammed's water sector and sustainability experience will be invaluable to the Board as Tideway moves towards functioning as an asset holding utility. You can read more about Shirley and Mohammed's induction programme in the Board induction section.

Board Committee membership was refreshed during the year, as a consequence of the changes on the Board. These changes have been outlined in each Board Committee report and are referenced in the Directors' attendance at scheduled Board and Board Committee meeting table.

This year, we retained an independent consultant to assess the effectiveness of the Board, the Board Committees and the Chair. This process found that the Board applies a high standard of Corporate Governance. More on this can be found in the Board evaluation section.

LOOKING FORWARD

Focus for the Board is now on completion of the latter stages of the project to ensure a prompt Handover and the start of System Acceptance. Simultaneously, we continue to oversee the work of the Executive Team, to ensure we are well-positioned for the long-term sustained success of the Future Tideway.

Michael Queen
Non-Executive Chair

'Heron in flight' by Sarah Staton.

Introduction
Corporate Governance Statement 2025

Tideway has, from the outset, aimed to achieve the highest standards of corporate governance, and to operate in a way that is transparent and collaborative for the benefit of all our stakeholders.

Ofwat's principles for board leadership, transparency and governance

We are required by our Licence to meet the objectives contained in Ofwat's 2019 principles for board leadership, transparency and governance and to explain in a manner that is effective, accessible and clear, how we are meeting the objectives. The Board has reviewed the objectives and is satisfied that we complied with them. To demonstrate our compliance, we have carried out a mapping exercise which sets out each of the objectives and describes the measures we had in place to meet them. This is available for review on our ***website***.

The UK Corporate Governance Code

We measure our governance arrangements against the principles set out in the 2018 UK Corporate Governance Code (the Code) and we are pleased to report that we complied with the applicable principles set out in the Code except in the following areas:

i. **The requirement that at least half the Board, excluding the Chair, should comprise Independent Non-Executive Directors.** In the period, we had five Independent Non-Executive Directors, excluding both Sir Neville Simms, the former Chair and Michael Queen, the current Chair, on the Tideway Board. This makes the Independent Non-Executive Directors, the single largest group on the Tideway Board.

The Board believes it has the right combination of Executive Directors, Shareholder Directors and Independent Non-Executive Directors for the role of the Board supporting the organisation. Importantly, no individual or group can dominate the Board's decision making, and the Board is satisfied that the Independent Non-Executive Directors are independent in character and judgement, with no relationships or circumstances which are likely to affect or could appear to affect their independence. Each of the Board Committees is chaired by an Independent Non-Executive Director and the Shareholders' Agreement, entered into at Licence Award and amended and restated 22 January 2025, supports these principles, containing legally binding commitments to maintain an independent board.

The significant independent representation and limited matters reserved to shareholders, help ensure that the Board is independent and in control of the regulated business and able to operate in a sustainable way, in line with the long-term nature of the sector.

The limited matters reserved to shareholders are set out in the Relationship with Shareholders section, and information on our process for identifying and managing conflicts of interest is available on the Tideway website.

ii. **The requirement the Chair should serve no more than nine years on the Board.** The Board understands the requirement the Chair should serve no more than nine years on the Board. Michael Queen was appointed as Tideway's Chair following a rigorous recruitment campaign facilitated by search consultants Egon Zender and conducted by a panel appointed by the Nomination Committee led by Richard Morse, the former Deputy Chair. Michael was selected from a shortlist of three candidates, of which two were external. Whilst Michael has served on the Tideway Board for over nine years, the Board regards his continued service on the Board as invaluable given his deep understanding of the business and work to create a constructive atmosphere. In addition, his appointment offers Board continuity and will facilitate succession planning following the departure of the former Chair and Deputy Chair after nine years, at an important stage of the project.

The Board have also considered the requirement that the chair should be independent on appointment when assessed against the circumstances set out in Provision 10. As noted above, Michael Queen has served on the Board for more than nine years from the date of his first appointment. Nevertheless, given Michael's numerous other commercial interests and extensive Board experience across a range of sectors, the Board is satisfied that on appointment, he was independent.

The Board has approved the adoption of the 2024 edition of the UK Corporate Governance Code (the 2024 Code) which is applicable for accounting periods beginning on or after 1 January 2025. The Company will report on its compliance with the 2024 Code in the Annual Report and Accounts for the year ended 31 March 2026.

Further detailed mapping, setting out the principles of the Code and the measures Tideway had in place to meet them, is also available for review on the Tideway ***website***.

Ventilation columns at Victoria Embankment Forshore.

Board Leadership, Transparency and Governance

The Board Members

Key to Committees

- A – Audit & Finance
- H – Health, Safety, Security & Environment
- N – Nomination
- RE – Remuneration
- R – Risk
- RH – Risk, Health, Safety, Security & Environment
- Committee Chair

INDEPENDENT NON-EXECUTIVE DIRECTORS

Michael Queen

**Chair of the Board and
Chair of Nomination Committee**

Appointed as a Non-Executive Director August 2015 and as Chair of the Board October 2024

Key Skills and Experience

- Proven commercial and strategic skills, gained from running and advising a wide range of organisations.
- Deep understanding of infrastructure investment.

Background

Michael is a chartered accountant with over 30 years' experience in the alternative finance sector. He was Chief Finance Officer and then Chief Executive Officer of 3i Group plc, where he developed 3i's activities in the infrastructure sector by founding 3i Infrastructure plc. He was previously a member of the Prime Minister's Business Advisory Group (2010-2012) and currently brings his commercial and financial expertise to a variety of organisations.

External Appointments

- **Chair** – Coller Capital
- **Pro-Chancellor** – University of Surrey
- **Non-Executive Director** – TAQA (International Industrial Company)
- **Non-Executive Director** – Dussur (Middle East Investment Company)

Baroness Ruby McGregor-Smith CBE

**Deputy Chair of the Board and
Chair of Audit & Finance Committee**

Appointed as a Non-Executive Director June 2019 and as Deputy Chair of the Board June 2024

Key Skills and Experience

- Chartered accountant with significant board-level experience in operations and change management.
- The first Asian woman to become Chief Executive of a FTSE 250 company.

Background

Baroness McGregor-Smith is the former President of the British Chambers of Commerce and she was Chief Executive of MITIE Group plc from 2007 to 2016. As one of the few female chief executives in the FTSE 250 and FTSE 100, she grew MITIE's employee base from circa 23,000 to 65,000, making it one of the UK's largest private sector employers. She was made a life peer of the House of Lords in 2015. She served as the Chair of the Women's Business Council between 2012 and 2016. Recognised by the Financial Times as one of the top 50 female business leaders in the world in 2013, she also authored the Independent Report to the UK Government on Race in the Workplace, published in 2017. In 2020 she was appointed by the UK Government to lead the In-Work Progression Commission, providing an independent review into the barriers that prevent people from progressing in work and increasing pay.

External Appointments

- **Chair** – Airports UK
- **Non-Executive Director** – Atkins Realis Inc
- **Non-Executive Director** – Thales Group SA
- **Non-Executive Director** – Everyman Media Group plc

Mike Putnam

**Chair of the Risk, HSSE and Risk,
HSS&E Committees**

Appointed July 2018

Key Skills and Experience

- Recognised leader in the construction sector, with expertise in strategy and commercial management.
- Extensive experience in the successful delivery of high-profile infrastructure projects.

Background

Mike is a Chartered Engineer and a Fellow of both the Institution of Civil Engineers and the Royal Institute of Chartered Surveyors and is experienced across the development, construction and services sectors. Mike was the President and CEO of Skanska UK plc (2009-2017) and prior to that, he was one of the company's Executive Vice Presidents and main Board Director (2001-2009). He has been closely involved with the successful delivery of several high-profile infrastructure projects, including the M25 Private Finance Initiative/Public Private Partnerships, the Channel Tunnel, the Channel Tunnel Rail Link, National Grid Power Tunnels, Crossrail, Thameslink, Northern Hub and Waterloo Rail Alliances.

External Appointments

- **Non-Executive Director** – Southern Water Services until 31 July 2024
- **Acting Chair** from 08 July 2024 **& Senior Independent Director** – Network Rail
- **Non-Executive Director** – Transpennine Route Upgrade Programme Board
- **Vice Chair** – Arcadis (the global design and cost consultancy business headquartered in Amsterdam)
- **Non-Executive Director** – Finning Inc from 07 May 2024

Shirley Campbell

Chair of the Remuneration Committee

Appointed November 2024

Key Skills and Experience

- Specialist in organisational development.
- Highly skilled in cultural transformation.
- Significant experience of people strategy and remuneration.
- Deep understanding of the water sector.

Background

Shirley is a Chartered Fellow of the Chartered Institute of People & Organisational Development and is a certified coach and counsellor. She is a Non-Executive Director of Sellafield Limited and a Strategic Advisor at the London School of Hygiene and Tropical Medicine. During her executive career she held several people leadership roles including at Aviva, Heriot-Watt University and Scottish Water where she was Chief People Officer from 2011 to 2023. She was the President of Water Aid Scotland from 2018 to 2023.

Mohammed Saddiq

Appointed November 2024

Key Skills and Experience

- Over 32 years' experience in the utility and renewable sector.
- Extensive experience in operating and maintenance of water and wastewater assets.

Background

Mohammed has held senior roles in the energy and water sectors, including positions as Executive Director of Wessex Water Operations and Managing Director of Swiss Combi Technology. He was the founding director of GENeco, a company focused on sustainability. He is an Associate Fellow of the Institute of Chemical Engineers, a Fellow of the Chartered Institution of Water and Environmental Management and a Fellow of the Royal Society of Arts. He served as Vice-Chair of the University of Bristol's Board of Trustees and was a Board member of the West of England Local Enterprise Partnership. Mohammed holds an Honorary Doctor of Science degree from the University of West of England for his contributions to sustainable development. His corporate leadership in environmental sustainability has been recognised with GENeco receiving the Global Award for Sustainability from the Institute of Chemical Engineers (2017) and the Guardian Sustainable Business Award (2015).

External Appointments

- **Lord-Lieutenant of the County of Somerset**
- **Non-Executive Director** – Kier Group Plc
- **Chair** – Bristol Climate and Nature Partnership CIC
- **Chair** – Bristol Future Talent Partnership

Board Leadership, Transparency and Governance

The Board Members

Key to Committees
A Audit & Finance · H Health, Safety, Security & Environment · N Nomination · RE Remuneration · R Risk · RH Risk, Health, Safety, Security & Environment · Committee Chair

NON-EXECUTIVE SHAREHOLDER DIRECTORS

Chris Morgan

Amber Infrastructure

Appointed September 2021

Key Skills and Experience

- Significant experience of managing infrastructure investments.
- Detailed knowledge across a range of sectors including regulated utilities, transportation and social infrastructure.

Background

Chris is an infrastructure investment professional with over 15 years' experience. He has worked at Amber Infrastructure since 2012 where he is a Senior Investment Director responsible for managing various infrastructure investments. Prior to joining Amber, Chris worked at Deloitte where he provided advice to clients in connection with corporate transactions. Chris has a first-class degree in Accounting and Finance from the University of Southampton and is a Fellow of the Institute of Chartered Accountants in England and Wales.

Andrew Cox

Allianz

Appointed March 2018

Key Skills and Experience

- Specialist in asset management activities for infrastructure investments.
- Significant experience in infrastructure transactions.

Background

Andrew is Co-Head of Infrastructure Equity for Allianz Global Investors Private Markets, one of the Allianz Group's asset managers for alternative equity investments. He has been responsible for all asset management activities for the direct infrastructure investment portfolio since 2016. He sits on several other boards, including Porterbrook (UK rolling-stock leasing and Silex (Norwegian offshore gas transmission).

Prior to joining Allianz, Andrew was a senior Principal Investor and Asset Manager for 3i in its infrastructure team for nearly ten years. Before that, he worked at Ambac and Citi. Andrew has an MA in History from Gonville and Caius College, Cambridge.

Alistair Ray

Dalmore Capital

Appointed May 2015

Key Skills and Experience

- Over 20 years' experience in the infrastructure sector.
- Wide range of board-level experience, spanning several sectors.

Background

Alistair co-founded Dalmore Capital in 2009 and is CIO. He is a Dalmore shareholder and board member, as well as being on the Executive, Investment and Operations committees. Alistair has held senior positions in the infrastructure investment business, including at Edison Capital, Noble Group, Merrill Lynch and 3i Infrastructure plc. He was a founding member of the infrastructure team at 3i and was involved in the acquisition of Anglian Water and the purchase of stakes in Oiltanking GmbH. Alistair holds a Bachelor of Engineering honours degree.

DEPUTY COMPANY SECRETARY

Mo Siakpere

Appointed June 2023

Key Skills and Experience

- Mo has held governance roles in private companies and the not-for-profit sector including London & Quadrant Housing Trust, Anglo American Luxembourg and The Children's Society.
- Prior to that she trained as a Solicitor and spent several years at a large London law firm.

Background

Mo holds a Law Degree and Masters in Corporate Governance & Business Ethics.

Board Leadership, Transparency and Governance

The Board Members

EXECUTIVE DIRECTORS

Andy Mitchell CBE, FREng

Chief Executive Officer

Appointed August 2015

Key Skills and Experience

- Civil engineer who has managed high-profile UK and overseas projects.

Background

Andy was appointed CEO of Tideway in 2014 and was formally appointed to the Tideway Board on Licence Award in 2015. He joined the project from Crossrail where he was Programme Director and a Board member. He has worked around the world, including on developments such as Hong Kong Airport and Hong Kong West Rail. He also worked for Network Rail, where he was Project Director for its Southern Power Upgrade project and Senior Programme Director of the Thameslink Programme. Andy is a Fellow of the Royal Academy of Engineering and the Institution of Civil Engineers, and former Chair of the Infrastructure Industry Innovation Platform (i3P) and the Infrastructure Client Group (ICG). He was also Co-Chair of the Construction Leadership Council from 2018 to 2022, and in 2020 he was named Personality of the Year at the Building Awards in recognition of his efforts working with Government to prepare for Brexit and to support the industry through the coronavirus pandemic. He was honoured with a CBE for Services to Civil Engineering. He is the new Chair of London Youth Rowing, a youth engagement charity and a longstanding partner of Tideway.

Mathew Duncan

Chief Financial Officer

Appointed November 2018

Key Skills and Experience

- Financial expertise in the construction and infrastructure sectors.
- Experienced on large scale infrastructure projects in various industry sectors.

Background

Before joining Tideway, Mathew was the Finance Director of Crossrail Limited, the company responsible for delivering the new high-frequency, high-capacity railway for London and the Southeast known as the Elizabeth line. Prior to that he worked for Balfour Beatty in a number of roles, the last one as interim CEO and Finance Director at Balfour Beatty Support Services, where he was responsible for business sectors such as UK rail and utilities operations, and a workforce of 8,500 people.

Roger Bailey

Chief Technical Officer

Appointed August 2021

Key Skills and Experience

- Track record delivering complex engineering projects.
- Extensive experience in infrastructure sector.

Background

Roger joined the project in 2012 and took on the role of Asset Management Director in 2014 and then Chief Technical Officer in 2018. He was appointed to the Board in 2021. He is a Chartered Civil Engineer with more than 30 years' experience in the planning, design and construction of complex infrastructure projects in the UK and overseas. Roger is a Fellow of the Institution of Civil Engineers and a Director of the Thames Skills Academy.

Board Leadership, Transparency and Governance

EXECUTIVE MANAGEMENT TEAM

Celia Carlisle
General Counsel and Company Secretary

Responsible for providing strategic legal and commercial advice on all aspects of the project, negotiating key contracts and ensuring compliance.

Background
Celia joined the project in 2013 from the Olympic Delivery Authority. She has over 30 years' experience, both in-house and in private practice, of advising major infrastructure projects on their procurement, construction, governance, regulation and financing. Celia sits on the finance committee of the London Design and Engineering UTC, a mixed university technical college at the University of East London campus.

Stuart Grant
Director of Commercial Agreements and Property

Responsible for commercial agreements with third parties, property matters, implementing non-statutory compensation awards and client lead on several key stakeholder relationships including the interface with Thames Water.

Background
Stuart joined the project in 2016 and has over 30 years' experience in major infrastructure projects. Prior to joining Tideway, Stuart was UK Operations Manager for the Dutch utility Eneco and Project Director for their joint venture with EDF – Navitus Bay Offshore Wind Park. He was the UK Operations Director for TCI (Australian Communications / Renewables Group) and was on the board of several group companies and start-ups including Personal Broadband UK. His early career was with the major project's division of Costain on projects including the Jubilee Line Extension and the A34 Newbury Bypass. Stuart is a Chartered Civil Engineer and member of the Institution of Civil Engineers.

Steve Hails
Business Services and Health, Safety and Wellbeing Director

Responsible for Business Services, including HR, Information Systems, Facilities, Security and Health, Safety and Wellbeing ensuring the promotion of a positive health and safety culture.

Background
Steve joined Tideway in 2016 and has over 25 years' experience in the development and implementation of effective strategies, policies and systems in engineering and construction environments including with Siemens Energy and Crossrail. Steve is also a Non-Executive Director on the Programme Board for the Palace of Westminster Restoration and Renewal project and is an Independent Adviser to Nuclear Restoration Services ((formerly Magnox). He is a Trustee of Mates in Mind (the mental health charity for UK construction) and is one of the founding members of the Health in Construction Leadership Group. Steve is a Fellow of the Institution of Civil Engineers, a Chartered Member of IOSH and, in April 2018, became the first Honorary Fellow of the British Occupational Hygiene Society. In 2019, Steve was recognised as one of the top 10 Corporate Allies at the National LGBT Awards.

Richard Lewis
Asset Ownership Director

Responsible for the commissioning plan and delivering an integrated operable CSO control system, ensuring the tunnel is ready for operation with the Thames Water network and setting up Tideway maintenance and asset protection.

Background
Richard joined the project in 2015 in the Project Sponsor team taking on the role of Asset Ownership Director in 2020. He has over 30 years' experience in the water and chemical process industries, both supporting operational assets and delivering complex projects. Richard is a Fellow of the Institute of Mechanical Engineers and Member of the Project Management Institute.

Matthew Parr
Deputy Chief Executive Officer

Leading Tideway's transition from a project delivery organisation to asset owner and utility strategy. He is also responsible for strategy, business planning, corporate risk, revenue, regulatory and government relations and annual reporting. He is the Chair for Tideway's Corporate Risk Committee.

Background
Matthew joined the project in 2011 to focus on the funding of the Tideway project through its development and delivery phases and to establish its approach to value and legacy. Prior to this, he was a Director at a management consultancy where he advised governments, regulators, companies and investors in the utility and infrastructure sectors. Before moving into consultancy, Matthew held various positions at Ofwat. Matthew is a member of the Executive Steering Group for Thames Estuary 2100 (TE2100) Next Delivery Vehicle. TE2100 is focused on managing flood risk and adapting riversides to manage rising sea levels on the tidal Thames Estuary.

James Smith
Programme Delivery Director

Responsible for the delivery of all infrastructure across the project.

Background
James joined Tideway in 2013. He has over 30 years' experience working in project delivery, working on some of the largest infrastructure programmes in the UK including Thameslink and Crossrail however, his passion has always been for the water industry.

He has held a number of senior roles across delivery on the project over the past 10 years, but his first involvement came in 2001 as the project manager for the Tideway Tunnel Strategic Study, which was the original study which led to the scheme as we see it today.

Lucy Webster
External Affairs Director

Responsible for external and internal communications, brand, stakeholder engagement and public affairs, community engagement, sustainability and legacy and Tideway's corporate responsibility programme.

Background
Lucy joined Tideway in 2016 from Metropolitan, a large housing provider. Prior to this, she held senior communications and public affairs roles in the transport and regeneration sectors. She spent six years at Transport for London, including as Head of Communications for London Underground and worked on the preparation for the London 2012 Olympic Games, including planning and land assembly.

Board Leadership, Transparency and Governance

The Board's Role and Responsibilities

THE ROLE OF THE BOARD

The Board's role is to govern Tideway so it achieves its strategy and objectives, in particular the successful delivery of the Thames Tideway Tunnel, consistent with the values and purpose of the organisation. The Board is collectively responsible for Tideway's long-term success and for delivering sustainable value to customers, shareholders and other stakeholders. It sets Tideway's strategy and risk appetite and approves and monitors management's plans for achieving Tideway's strategic objectives and targets, including risk mitigation.

The Board has approved a schedule of delegated authority (SoDA) which authorises management to approve certain decisions up to specified limits, beyond which, Board approval must be obtained. This assists with implementation of decisions relating to funding and investment, contractual commitment and change, invoicing and payments, procurement, recruitment, treasury, the discharge of consents and claim settlement. The Board reviews the SoDA each year and by exception.

Certain matters are reserved to shareholders for approval and these are set out in full in this section. Nevertheless, the Board considers all such issues and advises shareholders as appropriate. The Board is ultimately responsible for Tideway's overall direction, supervision and management.

Matters reserved for the Board:

- **Significant risks**
- **Division of responsibility between Chair and Chief Executive Officer**
- **Directors' remuneration**
- **Director and senior executive training and development**
- **Corporate reporting**
- **Distributions**
- **Accounting policies and practices**
- **External auditor relationship**
- **Risk and internal control**
- **Policies:** business conduct, ethics, human rights, anti-bribery and corruption, corporate responsibility and health and safety.
- **Insurance**
- **Shareholder general meetings:** approval of proposed resolutions and related documents.
- **Shareholder communications:** approval of circulars, prospectuses and other documents to be sent to shareholders.
- **Political and charitable donations**
- **Related party transactions**

BOARD FOCUS AND PRINCIPAL ACTIVITY

The Board has focused on a range of issues including operational delivery, risk management, medium- and long-term strategy development, stakeholder engagement and governance. This table summarises some of the principal matters considered by the Board during the year, key discussions and actions, and progress made against strategic priorities.

Company and People

Strategic Priorities and Actions Arising	Progress
Continue to support a high-performing, motivated and engaged workforce which will deliver better value and help us retain key skills.	Received a report from the Independent Non-Executive Director of workforce engagement Baroness McGregor-Smith CBE further to her engagement with our people. Appointed Mohammed Saddiq to replace Baroness McGregor-Smith CBE as Tideway's Non-Executive Director of workforce engagement. *See the Company and People section*
Refine our strategy for the future of the company to transition from construction to an operational organisation.	Considered two briefings on future organisational strategy and actively engaged with the progress of these plans.

Health, Safety & Wellbeing

Strategic Priorities and Actions Arising	Progress
Continue to reinforce HSW in the construction phase, to achieve positive improvements on previous performance.	Received regular monthly performance updates on health, safety and wellbeing, including performance against the Health and Safety Performance Index (HSPI).

Schedule, Cost & Quality

Strategic Priorities and Actions Arising	Progress
Working with the Programme Manager, all three MWCs, the SIC and TWUL to safely deliver the most efficient schedule whilst maintaining strong oversight and control over cost.	Reviewed and approved operational matters in accordance with the SoDA. Discussed topics arising from management's monthly operational performance reports including MWC safety, schedule, cost and quality. *See the Strategic Report, Schedule, Cost & Quality section*
Ensuring that the asset being delivered is of the right quality, demonstrated by contemporaneous timely, quality certification and particularly, certification to achieve Systems Activation.	Reviewed and discussed management's monthly operational performance reports. Received updates from the Board's Risk and Risk, HSS&E Committees in respect of their briefings on: • the plan to reaching the System Commissioning Commencement Date, • Handover and System Acceptance risks and • Tideway's interfaces with TWUL and the Port of London Authority and their impact on Tideway and the Programme. Received updates on key business activities, including briefings on the steps taken by management in respect of: • the Go/No Go decision on the commencement of the PCCD and the management of defects.
Obtaining commitment from the EA, OFWAT, TWUL and DEFRA to an approach and programme that best achieves early and successful outcomes.	Received briefings on engagement with the Liaison Committee.

Board Leadership, Transparency and Governance

The Board's Role and Responsibilities

BOARD FOCUS AND PRINCIPAL ACTIVITY

Vision, Legacy and Reputation

Strategic Priorities and Actions Arising	Progress
Continue to ensure our stakeholder engagement programme supports successful completion of the project, which includes engagement with TW and critical stakeholders	Considered briefings on plans for the development of Tideway's future reputation management strategy, including leveraging stakeholder engagement developed to date.

Risk Management

Strategic Priorities and Actions Arising	Progress
Reviewing risk appetite	Considered the Board's risk appetite and Tideway's principal risks. *See the Risk Management section*
Monitoring risk management and control	Reviewed the effectiveness of the risk management and internal control systems. *See the Risk Management section*
Monitoring key operational risks	Received detailed briefings on key risks including relating to health and safety, productivity, programme and cost.
Monitoring position of Thames Water	Considered briefings on Tideway's risks and protections with respect to Thames Water's reported financial position.

Governance

Strategic Priorities and Actions Arising	Progress
Reviewing the composition of the Board and monitoring its effectiveness	On the recommendation of the Nomination Committee, approved: • the appointment of the new Chair of the Board; and • the appointment of two new Non-Executive Directors Approved the appointment of the new Deputy Chair Undertook a rigorous, externally facilitated, performance review of the Board as a whole, and its Committees, individual Directors and the Chair. Approved changes to Board Committee membership as outlined under the Directors' attendance at scheduled Board and Board Committee meetings table.
Ensuring appropriate delegation of authority	Noted updates to the SoDA.
Reviewing work carried out by Board Committees	Received post-meeting reports from the Chairs of each Committee, summarising discussions and actions.
Monitoring and ensuring good corporate governance	Received governance updates from the Deputy Company Secretary. Approved adoption of the 2024 UK Corporate Governance Code for application in the next financial year.
Ensuring appropriate assurance	Following recommendation from the Audit and Finance Committee, reviewed and approved a new approach to internal audit planning and 18 month internal audit look ahead.
Ensuring compliance with duties under the Modern Slavery Act	Reviewed and approved changes to Tideway's Modern Slavery Statement.

Regulatory matters

Strategic Priorities and Actions Arising	Progress
Monitoring regulatory requirements	Received updates on regulatory developments, Tideway's engagement with Ofwat's 2024 Periodic Review, in relation to the impact on TWUL and the project and consultation responses. Considered the distinctions between Tideway's regulatory status as an infrastructure provider and that of the rest of the water sector.
Ensuring regulatory reporting requirements are met	Reviewed and approved the Annual Performance Report and Accounts and the Revenue Statement, prior to submission to Ofwat.
Ensuring compliance with the project licence	Reviewed and discussed licence compliance, including approving the Risk and Compliance Statement and the Statements on sufficiency of financial and non-financial resources. *See the Annual Performance Report for statements*

Financing

Strategic Priorities and Actions Arising	Progress
Maintain the company credit rating and deliver IRR in line with the Financing plan	Reviewed and approved the Financing Plan. Reviewed and approved the Sustainability Report for 2023/24. Approved distributions to shareholders and capitalising some of the interest due on the shareholder loan. *See the Financing section*
Maintain liquidity and healthy financial metrics	Reviewed, and, on recommendation by the Audit and Finance Committee, approved an extension of intra-group financing agreements. Noted proposals to make changes to Tideway's swaps portfolio and reviewed and approved changes to swaps documentation arising from Brexit and changes in hedging counterparties. Reviewed and, on recommendation by the Audit and Finance Committee, approved entry into a Liquidity Facility.

Financial Reporting and Taxation

Strategic Priorities and Actions Arising	Progress
Reviewing past and projected financial performance	Reviewed and approved the Annual Budget. Reviewed and approved the half year and full-year financial statements. Approved the renewal of appointment of PwC as the Group's auditors.

Board Leadership, Transparency and Governance

Governance Standards

BOARD AND COMMITTEE MEETING ATTENDANCE

The Board is required by its terms of reference to meet at least six times a year, and in the period, met formally six times. Two Board workshops were also held during the year and two updates were organised to give Board members the opportunity to discuss emerging issues. The majority of sessions were held in-person.

DIRECTORS' ATTENDANCE AT SCHEDULED BOARD AND BOARD COMMITTEE MEETINGS

Director's attendance at scheduled Board meetings	Board	Audit and Finance Committee	HSSE Committee	Risk Committee	Risk, HSS&E Committee	Remuneration Committee	Nomination Committee
Total meetings held in period:	6	4	1	1	2	4	2
Independent Non-Executive Directors							
Michael Queen *	5/6	3/3		1/1	2/2	3/4	1/1
Baroness McGregor-Smith	6/6	4/4				3/3	2/2
Mike Putnam **	5/6	1/1	1/1	1/1	2/2		1/2
Shirley Campbell ****	3/3	1/1				2/2	1/1
Mohammed Saddiq *****	3/3	1/1			2/2	2/2	
Sir Neville Simms ******	3/3		1/1			2/2	1/1
Richard Morse *******	1/2	1/1		1/1		1/1	
Shareholder Directors							
Andrew Cox ***	5/6	4/4	0/1	1/1	2/2	3/4	2/2
Alistair Ray	4/6			0/1		3/4	2/2
Chris Morgan	5/6	3/4	1/1		2/2		
Executive Directors							
Andy Mitchell	6/6						
Mathew Duncan	6/6						
Roger Bailey	6/6						

** Michael Queen stepped down as a member of the Audit and Finance Committee with effect from 28 November 2024*

*** Mike Putnam became a member of the Audit and Finance Committee with effect from 26 September 2024 and stepped down from the Audit and Finance Committee with effect from 28 November 2024.*

**** Andrew Cox appointed Ali Islam as his alternate to attend one Board meeting.*

***** Shirley Campbell was appointed as an independent non-executive director and a member of the Audit and Finance Committee, the Nomination Committee and Chair of the Remuneration Committee with effect from 28 November 2024.*

****** Mohammed Saddiq was appointed as an independent non-executive director, a member of the Audit and Finance Committee, Risk HSS&E Committee, Remuneration Committee, and the Board's designated non-executive director representing workforce matters, with effect from 28 November 2024.*

******* Sir Neville Simms stepped down from the Board on 30 September 2024.*

******** Richard Morse stepped down from the Board on 30 June 2024.*

DIVISION OF RESPONSIBILITIES WITHIN THE BOARD

Chair

The Chair's primary role is to provide independent oversight and governance, as leader of the Board.

The Chair is the most senior leader of the business and the guardian of the interests of all shareholders and stakeholders. He is responsible for leading the Board and ensuring its effectiveness and takes overall responsibility f or the Board's composition, capability and performance evaluation.

It is important that the Chair and CEO work well together, to provide effective and complementary stewardship. The Chair therefore consults regularly with the CEO and is also available to advise and support the CEO.

Chief Executive Officer

The CEO is responsible for all of Tideway's operations, as leader of the Executive Committee.

The CEO is responsible for Tideway's leadership and operational management, within the Annual Business Plan approved by the Board. He is supported by the CFO, CTO, and seven other direct reports on the Executive Committee.

Senior Independent Director

The Board has appointed Baroness Ruby McGregor-Smith CBE as its Deputy Chair, in which role she fulfils the functions of the Senior Independent Non-Executive Director. She provides a sounding board for the Chair and serves as an intermediary for other Directors, when necessary or appropriate.

The Deputy Chair is also available to shareholders and other stakeholders if they have concerns which it would be inappropriate to raise through the conventional channels of Chair, CEO or the other Executive Directors.

Non-Executive Directors

The Board included eight Non-Executive Directors, three of whom represent the current shareholders and four of whom are independent. The Shareholder Directors represent the views of investors in Board discussions and decision-making. The Independent Non-Executive Directors (who form the largest group) ensure there is a balance of perspectives, drawing on a wide range of skills and experience, so that the Board can make high quality decisions that address diverse stakeholder needs.

Executive Directors

The Executive Directors are the CEO, CFO and CTO. In addition to the role of the CEO outlined above, the CFO is responsible for commercial and risk strategy involved in delivering the project, plus overall cost and schedule performance. The CTO is responsible for ensuring completion of the project and handover to Thames Water.

Board Leadership, Transparency and Governance

Governance Framework

COMMITTEES

Important aspects of Tideway's business are subject to scrutiny by the Board Committees, which report to the Board, and final decisions are made at Board level. Descriptions of the Committees' roles and activities are set out in this section.

The Board had five Board Committees during the year, this went down to four following the merger of the Risk Committee and the HSSE Committee in November 2024. The Committees meet regularly, in accordance with an agreed schedule. All Non-Executive Directors are permitted to attend Committee meetings, in addition to the committee members. The Executive Directors are not members of the Board Committees, but they are invited to attend most meetings other than Remuneration and Nomination Committee meetings, which only the CEO attends, for all business other than relating to his own remuneration.

Each Committee has terms of reference, which have been approved by the Board. Each Committee's terms of reference and performance are reviewed by the Board each year, to ensure that the Committees operate effectively. The Board approves any changes to the terms of reference, which are available on Tideway's ***website***.

Each Board Committee is chaired by an Independent Non-Executive Director.

The Committee chairs regularly update the Board on the committee's work. Minutes of the committee meetings are available to all Directors through a secure electronic portal.

Details of the composition and activities of each of the Committees can be found in their respective Committee reports.

SECTOR EXPERIENCE

Board members have a wide range of expertise, including financial, operating and regulatory experience in the construction, finance and infrastructure sectors.

We recognise that as the project progresses, the matters requiring Board consideration will change and we intend to keep Board members' skills and experience under review and to refresh the Board from time to time, to ensure its breadth of sector experience appropriately reflects the project's needs.

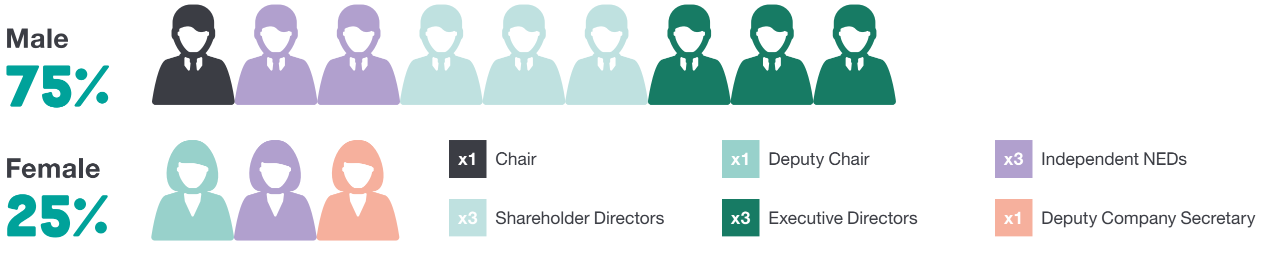
EXPERIENCE OF THE BOARD

Finance	55%
Operational	64%
Regulation	82%
Infrastructure	91%
Construction	45%
Human Resource/ Organisational Development	36%
Environmental	45%
Information Systems/AI	18%

Details of the Tideway Directors, including their dates of appointment, are in their biographies. Further information on the process for Board appointments and succession arrangements is available on the ***Tideway website***.

BOARD COMPOSITION, SUCCESSION, DEVELOPMENT, EVALUATION AND INDUCTION

Board composition as at 31 March 2025



DEVELOPMENT

We provide a range of opportunities to ensure Board members maintain a deep understanding of the business and stay abreast of developments affecting Tideway's legal and regulatory environment. During the year the Board received regular presentations and updates on topics including the main works contracts, preparations towards handover, the position of major political parties on large infrastructure projects under the 2024 general election manifestos, legacy and reputation, and operational matters. All Board members were offered the chance to visit our sites to enable them to speak directly to employees responsible for delivering the project and to see the works at first hand.

BOARD EVALUATION

The Board evaluates its performance and considers the tenure and independence of each Director on an annual basis. The Board also appoints an independent adviser to conduct a formal external evaluation of the effectiveness of the Board, the Board Committees and the Chair with a frequency of at least once every three years. As a result of succession planning and preparing for transition into the commissioning phase of the TTT project the Board has restructured during 2024/25. The external evaluation was delayed by a year to enable the Board to transition prior to evaluation, and as a result of this, the evaluation has been conducted during a period when the renewed Board is going through its 'bedding in' phase. In 2024, the Chair and Deputy Chair commissioned an external evaluation into the Board's effectiveness from Aspida Advisory Services Limited, an independent consultant. Aspida does not have any other connection with the Company and its Directors.

As part of their assessment, Aspida carried out a desk-based mapping exercise against Tideway's Board documentation, interviewed each Director and the Deputy Company Secretary independently and attended the January Board Meeting and a meeting of the Audit and Finance Committee in March. In addition, Aspida considered the results of a questionnaire they invited each Director to complete. A report was subsequently prepared and presented to the Board for consideration and discussion.

Aspida concluded in their report that the transition of the Board appears to have gone smoothly, the Board is also very conscious of succession planning for the Executive as the project transitions through to Handover. The Board applies a high standard of Corporate Governance. The Report outlined that the Board were well prepared and clear on their duties as the project transitions through to the Commissioning Phase. It was noted that while the Chair has only been in the role for a short period of time he was identified as having a good and open relationship with the Executive team and Board members, creating a constructive atmosphere and way of working with the Board. No material findings were reported, and a number of their constructive recommendations have been adopted to further enhance the Board's operation.

BOARD INDUCTION

With support from the Deputy Company Secretary, the Chair has ensured Tideway's Non-Executive Directors receive a comprehensive and formal induction programme tailored to their experience, committee membership and the requirements of the role. Consideration is also given to Committee appointments and the specific interests of Board members. Onboarding is intended to give Directors a solid grounding in key aspects of the TTT project, including its strategy, vision and values, to ensure they are able to make a positive contribution to the Board and its Board Committees. All Directors are also invited to attend one of our EPIC induction days and to site visits.

Upon joining the Board as Independent Non-Executive Directors in November 2024, Shirley and Mohammed undertook a tailored onboarding where they met with the Chair of the Board, the Deputy Chair and senior management from across Tideway's principal functions to receive briefings on topics including health and safety, the Programme, strategy, risk, legal, governance and regulation. Shirley and Mohammed also met with representatives of Ofwat as part of their induction programme and in accordance with Ofwat expectations for new Board appointments.

Mohammed and Shirley undertook a boat tour of all of Tideway's principal worksites along the River Thames accompanied by the Chair, Michael Queen, the Chief Executive Officer, Andy Mitchell CBE and Matt Parr, the Deputy Chief Executive Officer as part of their induction programme. Both Mohammed and Shirley received briefings from the CFO and the Group Treasurer on Tideway's financing structure in connection with their joining the Audit and Finance Committee.

Mohammed, in his role as Non-Executive Director leading on workforce matters has also been briefed on the Employee Forum interactions. Shirley, as the incoming Chair of the Remuneration Committee has been briefed on Tideway salary and benefits policies and the functioning of the Remuneration Committee.

Directors also receive a digital induction pack which includes key corporate documents and information on Tideway, the Board and its Committees, corporate governance arrangements and codes. They were also invited to discuss specific training needs relevant to their roles with the Chair.

Committee Reports
Risk Committee Report

Mike Putnam
Chair of Risk Committee

Following discussions with the Tideway Chair and with relevant members of the Executive Team, it was decided to merge the Committee with the Health, Safety, Security & Environment Committee mid-year.

Please see the introduction of the Risk, Health, Safety, Security & Environment Committee for a rationale for the merger. The following report outlines the Committee's activities prior to its merger.

COMPOSITION

The Risk Committee consisted of up to three Independent Non-Executive Directors (including myself) and two Shareholder Directors during the year. Collectively we had a thorough understanding of the Tideway project, significant experience in the infrastructure sector and an appropriate balance of risk management expertise.

All members of the Board were entitled to attend the Committee and the majority of Board members were frequently present, which added to the depth of discussion in Committee meetings and assisted in decision making at Board level. As a matter of course relevant experts were invited to attend Committee meetings where required.

ROLE OF THE RISK COMMITTEE

The role of the Committee was to review and report to the Board on risk management, mitigation and internal control. This included determining the nature and extent of the principal risks Tideway faces. For more information see the Risk Management Framework in the Strategic Report.

ACTIVITIES

The Committee met once in the year prior to its merger into the Risk, Health, Safety, Security & Environment Committee and undertook the following main activities:

Subject	Activities
Risk appetite monitoring	Considered reports on key risk exposures, emerging, potential risks, including those related to commissioning, and matters driving risk across the project. Assessed and challenged the appropriateness of Tideway's overall risk appetite and approved the principal risks.
Risk management and governance	Received regular risk reports covering principal and corporate risks, programme and project risks and the mitigations in place. Approved proposals around Tideway's Programme Integrated Management System and an interim approach to the review of the Integrated Assurance Framework.
Deep dive on the plan to the System Commissioning Commencement Date	Examined Tideway's plan to complete worksite activation to progress to SCCD covering how this was monitored operationally, communication channels, key risks to the activation sequence including PLA consents and Programme change and the mitigations developed to address those risks, key constraints and assumptions and opportunities to accelerate the programme. The steps in the programme post SCCD leading to Handover and Completion of the Whole of the Works were also considered.

Carnwath Road Riverside.

Committee Reports
Nomination Committee Report

Michael Queen
Chair of Nomination Committee

The Nomination Committee is made up of four Independent Non-Executive Directors and two Shareholder Directors, with a majority of Independent Non-Executive Directors. I took over the Chair of the Nomination Committee from Sir Neville Simms in October 2024.

I have chaired and sat on boards of a number of companies and, together with the other members of the Committee, we have an appropriate balance of experience and a deep understanding of Tideway's business and the infrastructure sector.

In addition to the designated Committee members, all Shareholder Directors and Independent Non-Executive Directors are entitled to attend our meetings.

ROLE OF THE NOMINATION COMMITTEE

The Committee meets to assist the Board by:

- reviewing Company succession planning and talent management activity;
- understanding the current bench strength of the Executive Management Team;
- conducting a rigorous and transparent process when recommending or renewing the appointment of Directors to the Board;
- approving the appointment of new Non-Executive Directors; and
- reviewing the development plans of all employee members.

To find out more about the role of the committee see our *Terms of Reference*.

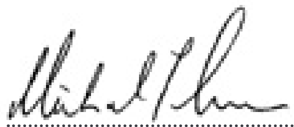
BOARD COMPOSITION AND SUCCESSION PLANNING

The Committee is responsible for regularly reviewing the Board's structure, size, composition and the balance of skills, knowledge, experience and diversity and making recommendations to the Board regarding any changes. When identifying suitable candidates, the Committee takes care that appointees have enough time available to devote to the position. To find out more about the role of the Committee see our *Terms of Reference*.

ACTIVITIES

The Committee undertook the following main activities:

Subject	Activities
Board Succession	The recruitment of two new Independent Non-Executive Directors, who were appointed in November 2024 following an external recruitment process facilitated by NuRole, an executive search platform.
Board Composition	The renewing of Independent Non-Executive Directors' appointments.
Executive Succession	The succession planning for the Executive Management Team, including the appointment of a Deputy CEO, as the Company began the move from a construction to an operations focus.



Michael Queen
Chair of Nomination Committee

King George's Park.

Committee Reports

Health, Safety, Security And Environment Committee Report

Mike Putnam
Chair of HSSE Committee

As noted in the Risk Committee Report, the Committee was combined with the Risk Committee mid-year.

The reasons for this change are explained in the introduction to the Risk, Health, Safety, Security & Environment Committee report. The following report explains how the Committee discharged its responsibilities and summarises its activities prior to its merger.

COMPOSITION

Including myself, the Committee had two Independent Non-Executive Directors and two Shareholder Directors. All members of the Board were entitled to attend the Committee and we also invited the Director of Business Services and Health, Safety and Wellbeing and the Legacy and Sustainability Manager. Further invitations were extended to relevant people as required.

The Committee's members had an in-depth knowledge of Tideway's business and an appropriate balance of expertise in matters concerned with health, safety, security and the environment.

ROLE OF THE HSSE COMMITTEE

Tideway has remained committed to best practice, continual improvement and a transformational approach to health, safety and wellbeing. The HSSE Committee had a key role in regularly reviewing, developing and overseeing consistent policy, standards and performance.

The Committee was supported by executive-level Monthly Management Review meetings, which are chaired by the CEO and include an in-depth review of matters related to health, safety and wellbeing.

ACTIVITIES

The Committee met once during the reporting period, prior to its merger into the Risk, Health, Safety, Security & Environment Committee and undertook the following main activities:

Subject	Key Activities
Governance	Noted the remit of the Committee was under review as the company moved from the construction to the commissioning phase and the need for reporting at scale declined.
HSW performance	Addressed detailed reports on the HSW performance of the MWCs, Programme Manager and Tideway. Among other things, this included reviewing the implementation of the System Commissioning Safety Management Plan, the framework for Health & Safety Management required for the TTT during the System Commissioning phase.
Sustainability performance	Reviewed the performance of the MWCs, Programme Manager and Tideway on sustainability and legacy commitments. This included, but was not limited to, oversight of legacy commitments and environmental KPIs and updates on Tideway and the MWCs progress on carbon monitoring and verification.
Sustainability Report	Considered the proposed Sustainability Report summarising Tideway's performance against its approach to Sustainable Finance and its response to the Task Force on Climate-Related Financial Disclosures (TCFD).
Risk registers	Reviewed and considered the priority of matters included in the HSW and Environmental risk registers.

Mike Putnam
Chair of Health, Safety, Security & Environment Committee

Aerial view of King Edward Memorial Park.

Committee Reports

Risk, Health, Safety, Security & Environment Committee Report

Mike Putnam
Chair of Risk, HSS&E Committee

The Risk Committee and Health, Safety, Security and Environment Committee merged following consultation between myself and the Chair of the Board and discussions with the Executive Management Team.

This is because it was concluded, whilst physical works across the sites are ongoing and oversight of Tideway's health, safety, security and environmental strategy and objectives remains crucial to ensure successful completion of the Thames Tideway Tunnel, the level of Tideway's H&S risk is evolving as construction and commissioning nears completion. In addition, the range and complexity of Tideway's risk profile is expected to reduce. It was agreed continued scrutiny of HSSE and risk issues in the same board fora would revise our oversight to reflect the risks of the business.

The creation of the Risk, HSS&E Committee, including the Committee's composition and terms of reference was approved by the Board in November 2024.

COMPOSITION

The Risk, HSS&E Committee is made up of two Independent Non-Executive Directors (including myself), the Chair of the Board and two Shareholder Directors, and I was pleased to welcome Mohammed Saddiq, one of Tideway's new Independent Non-Executive Directors, as a member of the merged Committee.

The experience of the Committee members summarised in their biographies, demonstrates we have knowledge and understanding relevant to the risk environment in which Tideway operates, twinned with an appropriate balance of risk management expertise.

All members of the Board are entitled to attend the Committee and the majority of Board members are frequently present, which adds to the depth of discussion in Committee meetings and assists decision making at Board level. As a matter of course, we invite relevant experts to attend Committee meetings where required.

ROLE OF THE RISK, HSS&E COMMITTEE

The role of the Committee is to review and report to the Board on risk management, mitigation, internal control, health & safety control and performance. This includes determining the nature and extent of the principal risks Tideway faces.

To find out more about the role of the Committee see our *Terms of Reference*.

The Committee (and its predecessor the Risk Committee) have been supported by two executive-level risk committees. The Corporate Risk Committee is chaired by the Deputy Chief Executive and meets every six months to consider corporate risks and principal risks that may affect the viability of the business. The Executive Risk Committee is chaired by the Chief Financial Officer and meets regularly to review programme risks that could affect the physical delivery of the project. I have regular meetings with the Deputy Chief Executive and the Chief Financial Officer to help ensure proper information flows from these committees, up to the Board's Risk, Health, Safety, Security & Environment Committee. In addition, the Committee is supported by executive-level Monthly Management Review meetings, which are chaired by the CEO and include an in-depth review of matters related to health, safety and wellbeing.

Mike Putnam
Chair of Risk, HSS&E Committee

ACTIVITIES

The Committee met twice during the reporting period and undertook the following main activities:

Subject	Key Activities
Risk appetite monitoring	Assessed and challenged the appropriateness of Tideway's overall risk appetite and approved the principal risks.
Risk management and governance	Received regular risk reports covering principal and corporate risks, programme risks and the mitigations in place. Received an update on the status of the Integrated Assurance Framework Overview, the associated retirement of the Compliance Assurance Review Group and use of the Monthly Management Group in its place to review Tideway's compliance and assurance status on a quarterly basis.
Internal controls	Reviewed Tideway's Risk Management Policy and Risk Management Strategy.
Deep dive on System Activation and Handover risks	In November the Committee reviewed the process for the granting of permanent discharge consents by the Port of London Authority, several System Acceptance Scenarios, the development of principles for streamlining Handover and System Acceptance and risks that could arise from Testing and Inspections.
Deep dive on Port of London Authority consents	In March the Committee considered the outstanding consents to be granted by the Port of London Authority and actions taken to mitigate the potential impact of delays in the granting of the consents on Tideway's Programme.
Deep dive on TWUL	In March the Committee also considered TWUL's financial position that could impact Tideway and progressing to Handover and System Acceptance. Options for mitigation were also reviewed.
Annual effectiveness review	Carried out an annual review of effectiveness which considered: • Tideway's risk appetite and desired culture in relation to risk; • the operation of risk management and internal control systems, including the determination of principal risks; • the integration of risk management and internal controls with Tideway's strategy, business model and business planning processes; • changes in the nature, likelihood and impact of principal risks and Tideway's ability to respond to change in the business and the external environment; • the extent, frequency and quality of communication from Tideway's management to the Board regarding the results of risk monitoring; • issues dealt with over the course of the year, including actions to address weaknesses or control failings; • the effectiveness of Tideway's public reporting processes; and • Tideway's approach to financial resilience, particularly in the context of decision-making relating to distributions.
Risk function	Noted revisions to Tideway's risk procedures and cost accruals during the period. Considered the annual review of Tideway's risk function, noting changes to the management of risk as the project enters its final stages.
Legacy	Received an update on Tideway legacy performance, noting closed out commitments and timelines for the completion of applicable commitments.
HSW performance	Reviewed a detailed report on the HSW performance of the MWCs, Programme Manager and Tideway. Among other things, this included noting CVB's successful transition to becoming the project-wide System Commissioning Principal Contractor for HSW purposes and the relaunch of the Marine Safety Forum in response to two high potential incidents during the reporting period.
HSW Risk register	Reviewed and considered the priority of matters included in the HSW risk register.
HSW strategy for the Future Tideway	Noted the proposed approach for future HSW performance measurement up to Handover and beyond.

Committee Reports

Audit and Finance Committee Report

Baroness McGregor-Smith CBE
Chair of Audit and Finance Committee

I am delighted to present my first Audit & Finance Committee report since assuming the role of Chair of the Committee following Richard Morse's retirement from the Board in June 2024.

I am a chartered accountant and a Fellow of the ICAEW. As can be seen from the biographies of the Committee members set out in the Governance Report, the Committee as a whole, has an appropriate balance of recent and relevant financial and accounting experience and an in-depth understanding of Tideway's business and the infrastructure sector. The Committee has a blend of long-standing and new members as the Tideway Board evolves.

There is a majority of independent Committee members, based on a Committee composition of three Independent Non-Executive Directors including myself and two Shareholder Directors.

All members of the Board may attend our Committee meetings. As a matter of course we invite relevant experts to attend Committee meetings where required.

ROLE OF THE AUDIT AND FINANCE COMMITTEE

The Committee reviews and reports to the Board on all financing and financial reporting matters. We review the role and independence of the external auditor, the Internal Audit function and Tideway's overall approach to compliance, assurance and annual reporting.

To find out more about the role of the Committee see our *Terms of Reference*.

ACTIVITIES

Subject	Key Activities
Financial and regulatory statements	Considered the appropriateness of the accounting policies. Reviewed significant issues in respect of the half-year and annual financial statements.
Annual external audit	Considered the External Auditors' reports arising from the statutory and regulatory audits.
Internal audit	Approved the policy and 18-month provisional audit timetable. Reviewed the effectiveness of the Internal Audit function. Reaffirmed a change in strategy for the Internal Audit function from 2025/26 as part of the business reorganisation for the project's next phase.
External audit	Reviewed the reappointment of the external auditors, including considering the external auditors' independence and objectivity, and subsequently recommended reappointment to the Board.
Compliance and assurance	Considered the company's approach to compliance and assurance.
Financial and narrative reporting	Reviewed the company's approach to annual reporting including regulatory requirements.
Sustainable finance	Considered evolving sustainability reporting requirements and options for sustainability linked refinancing.
Long-term viability statement and Going Concern statement	Considered management's approach and recommendations relating to the Long-Term Viability Statement and Going Concern Statement for adoption by the Board and inclusion in the Annual Report and Accounts.
Treasury strategy and performance	Received detailed reports on financing market conditions. Reviewed the performance of Tideway's financing strategy and approved the financing plan for the year.
Distributions	Considered proposals of distributions to shareholders and recommended to the Board capitalising some of the interest due on the shareholder loan.
Funding, hedging and investment	Considered opportunities relating to funding, hedging and investment management including the recommendation of: • extending intra-group financing arrangements; and • entry into a liquidity facility and the related STID process. Received a briefing on long term financing considerations as Tideway moves from a construction project to an operational business. Noted Tideway's entry into swap amendments necessary as a consequence of legal changes and documentation associated with changes in hedging counterparties. Considered briefings on the outcome of investor engagement arising from proposed changes to Tideway's financing documents.
Accounting and tax	Received briefings on ongoing analysis of Tideway's accounting and tax position as the project progresses towards its operational phase.

Committee Reports

Audit and Finance Committee Report

SIGNIFICANT MATTERS CONSIDERED IN RESPECT OF THE 2024/25 FINANCIAL STATEMENTS

The Audit and Finance Committee has considered a number of significant issues in relation to the financial statements. These mainly related to the judgements in relation to the accounting estimates made by management in preparing the financial statements and the regulatory accounts, and also to the appropriateness of the accounting policies adopted for the year ended 31 March 2025, including any changes to the prior period.

The Committee reviewed the following key areas in relation to the financial statements:

- the appropriate reporting and disclosure relating to estimated outturn costs for the project;
- the valuation and disclosure of financial instrument arrangements in the year;
- the evidence supporting the assumption that the financial statements can be prepared on a going concern basis, including a review of Tideway's liquidity, cash flows and exposure to financial, strategic and operational risks;
- the evidence and assumptions supporting the Long-Term Viability Statement and the Directors' view of Tideway, including a review of Tideway's liquidity, cash flows and exposure to financial, strategic and operational risks;
- compliance with accounting standards and other legal requirements; and
- asset carrying value considerations in the financial statements.

INTERNAL CONTROL, RISK AND COMPLIANCE

The Committee is responsible for reviewing Tideway's internal control and risk management systems, and compliance matters. We are supported by the independent Internal Audit function, which reviews the effectiveness of Tideway's risk management and internal control systems throughout the year and regularly reports to the Committee.

INTERNAL AUDIT

The Internal Audit function has a remit to carry out risk-based reviews covering the whole of the business, giving the Committee assurance on the adequacy of the internal controls.

The Head of Internal Audit is considered independent of management. The Head of Internal Audit reported functionally to the CFO in the year. To help preserve the independence of the function, they also met regularly with the Chair of the Audit and Finance Committee without Executive management being present.

The Committee has a role to oversee the work of the Internal Audit function. Based on the Committee's oversight of the Internal Audit function, the Committee considers that the Internal Audit function is independent and effective. During the year the Committee reaffirmed a decision made in 2023 to restructure the Internal Audit function. It was agreed this would be effective from Q1 2025/26 as part of Tideway's reorganisation for the project's next phase.

CONFIDENTIAL REPORTING PROCEDURES AND WHISTLEBLOWING

The Committee is responsible for ensuring that Tideway has systems in place which allow our people to raise, in confidence, concerns about possible improprieties in financial reporting or other matters and for ensuring that where such concerns are raised, arrangements are in place for proportionate and independent investigation and follow-up action.

Tideway has a confidential whistleblowing policy and procedure for its people which has been advertised throughout the organisation. It covers a range of areas where malpractice could occur, such as health and safety, fraud, bribery, money laundering and other human resource related matters. Employees are encouraged to deal with any matters of concern with line management first and also have direct access to a confidential whistleblowing reporting process with Crimestoppers. During the year the role of the Whistleblowing Officer was moved from the Head of Internal Audit to the General Counsel in anticipation of changes to the Internal Audit function. This role monitors, investigates and reports to the Committee on any concerns raised and the resulting outcome.

AUDITORS' APPOINTMENT, INDEPENDENCE AND OBJECTIVITY

The Committee keeps PwC's performance, independence and appointment under regular review. In addition, the CFO has regular contact with the audit team, as does the Chair of the Audit and Finance Committee, who has regular dialogue with the lead audit partner at PwC, sometimes with and sometimes without a member of the Tideway Executive team in attendance.

During the year, the Committee considered PwC's performance in relation to:

- audit of the financial statements, including planning materiality;
- execution of the audit approach including its assessment of key accounting issues, audit judgements and audit adjustments required;
- arrangements to identify, manage and report its own conflicts of interests;
- independence and objectivity;
- the extent of approval for and quality of the current and future non-audit services carried out by PwC and their impact on PwC's independence; and
- arrangements for the delivery of the external audit.

The Audit and Finance Committee reviews the non-audit services provided by the external auditors, taking into account any relevant ethical guidance on the matter. Non-audit services are approved by the Audit and Finance Committee and the Committee is satisfied that PwC is independent of the company and that the provision of permitted non-audit services is not a threat to the objectivity and independence of the conduct of the audit.

The Committee has considered and approved PwC's fees for non-audit services.

Fees for non-audit services paid to Auditors	2025 £000	2024 £000
Non-audit services		
Other non-audit services	33	33
Total	**33**	**33**

We have met the PwC engagement partner to discuss matters without the Executive management in attendance. The Committee has also reviewed the performance of the audit with the Executive team. The Committee concluded it is satisfied with the independence of the external auditors and the overall quality of the audit process and accordingly, the Committee agreed to recommend PwC's reappointment as auditors for the 2025/26 financial year.

This report was approved by the Board of Directors on 17 June 2025.

Baroness McGregor-Smith CBE
Chair of the Audit and Finance Committee

Committee Reports

Remuneration Committee Report

Shirley Campbell
Chair of Remuneration Committee

I am delighted to present my first Remuneration Committee report since assuming the role of chair of the committee following Michael Queen's appointment as Chair of the Board.

Tideway continues to strive to be a world-class employer, offering an inclusive culture, fair pay and competitive terms and conditions to its employees. Its remuneration and employment policies and practices are designed to attract and retain the best talent to work on each stage of the project.

COMPOSITION

The Committee has four Independent Non-Executive Directors (including myself) and two Shareholder Directors. I took over as Chair of the Committee on 28 November 2024 from Michael Queen. The Committee has an appropriate balance of experience and in-depth knowledge of Tideway's business.

Other Non-Executive Directors have the right to attend the Committee if they so wish. The CEO attends the meetings for all business other than that relating to his own remuneration. Independent advisors attend meetings by invitation and the Head of HR or nominated deputy acts as Secretary to the Committee.

ROLE OF THE REMUNERATION COMMITTEE

The remuneration strategy is underpinned by the Company's culture of respect, fairness and equity of application of remuneration policy across the organisation, irrespective of role or seniority. Therefore, the approach to pay and benefits for both the Executive Directors and all employees are applied in the same way. Our Company's annual bonus targets are set with the aim of promoting individual and collective motivation to realise the Company's objectives and purpose, focusing on Health and Safety, the time, cost and quality of build and importantly the impact on our communities and support to our people. In this way, we align the interests of customers, who are ultimately paying for the project through their water bills, with the investors who are funding the project and delivering the positive environmental impact of cleaning up the river Thames.

To find out more about the role of the committee see our *Terms of Reference.*

ACTIVITIES

Tideway is a dynamic, multi-year construction project, requiring a progression of skills and expertise over its life, in a competitive employment market. This requires us to constantly review and translate Tideway's remuneration policy into individual remuneration and incentive packages for employees and senior management. We aim to retain and incentivise the whole workforce, including the Executive Management Team.

Each year, the Remuneration Committee reviews the overall compensation and benefits for all employees and compares them to various market benchmarks. The review, based on external projections of inflation and salary movements, awarded averages increases to employees of 5.8 per cent, with the highest awards focussed on the lowest paid employees.

The Committee reviewed the overall Executive remuneration, to ensure it remains appropriate and fair. No changes have been made to bonus, retention or LTIP schemes for Executive Directors in the year.

Over the coming years the project will move from a construction phase to become a utility operator. During this transitional period the Committee continues to review the overall remuneration and incentivisation for the Executive Management Team and other key roles to ensure stability and retention of critical knowledge and experience. The first step in preparing for the new organisation structure as an operator of a utility was taken by creating the Executive Management role of Deputy CEO and putting in place an appropriate remuneration package.

REMUNERATION POLICY REPORT

The Company's remuneration policy continues to reflect the complexity and significance of one of Europe's largest infrastructure projects. Executive Directors' remuneration comprises base salary, an annual bonus, and where appropriate, retention and LTIP arrangements are in place.

Willis Towers Watson, as required, provides independent salary and benefits benchmarking and consultancy to the Company, to ensure that salaries and bonuses remain in line with market norms.

PAY AND CONDITIONS FOR EMPLOYEES

We have maintained our approach to pay and conditions, recognising that whilst Tideway is a regulated independent water company, we have several unique characteristics which influence our remuneration strategy. Not least, we are implementing one of Europe's largest infrastructure projects and need to do so in a manner which provides value for money for customers. Our overall compensation structure is designed to attract and retain appropriate skills, experience and talent to achieve the Company's aims. There continues to be a very competitive labour market and it is important for the project's success that we offer an attractive overall compensation and benefits package.

Reward is based on total compensation, meaning base pay, bonus and benefits. Future increases in base pay are merit based, by reference to market comparators. There is no right to annual increases, although an annual review will take place.

Pensions are contributory into a defined contribution scheme, with contributions in line with market practice. Pensions are calculated on base salary only.

All employees have a base-level benefits package, covering holidays, pension, life insurance and private medical cover. Additional benefits are provided based on job level (such as car allowances and level of medical insurance cover).

Bonuses are discretionary, based on a combination of individual and Company performance, and are a key part of the package to incentivise and reward project and personal success.

All employees who are eligible for an annual bonus share the same Company-wide targets and have individual objectives set in the same way as those of the Executive Directors. Maximum bonus opportunities for our employees range from 10 per cent to 50 per cent of salary, depending on their seniority and role. Details of the bonus opportunity for Executive Directors are provided in the tables under the section on Pay and Conditions for Executive Directors.

Tideway has no collective agreements in place and salary increases are determined based on an individual's performance and internal and external relativities.

GENDER AND ETHNICITY PAY GAP REPORTING

As Tideway employs less than 250 people, we are not required to report our gender pay gap data. However, we do monitor both the gender and ethnicity pay gaps and continue to take actions designed to reduce these. In a traditionally male dominated industry, we continue to look at ways to reverse imbalances through measures such as inclusive recruitment, a focus on new talent in underrepresented groups in our succession planning activity, mentoring and promoting flexible working, and targeted development opportunities.

We are proud that the 38 per cent of the Tideway project workforce are women, but we recognise that continued focus to improve diversity at the senior levels within the Company is required to address the structural imbalance.

We continue to take practical steps to achieve our broader diversity and employment goals, including an employee network, Encompass, with several working groups which focus on gender, disability, LGBT+ and race. Each diversity strand has an Executive sponsor, to support diversity and inclusion activities and programmes across the Project. The Company will continue to work towards increased diversity of representation across all levels of the Company.

PAY AND CONDITIONS FOR EXECUTIVE DIRECTORS

Full details of each component of the Executive Directors' remuneration and the way remuneration was calculated, applicable for the year ended 31 March 2025, are set out here.

Executive Director Base Salary Arrangements	
Purpose and strategy	The overall remuneration package is set to attract and retain Directors of the appropriate calibre, to reflect the organisation's size, complexity and external market competition and company values.
Operation	The base salary of the Executive Directors is reviewed by the Remuneration Committee annually and is normally fixed for 12 months. There is no right to an annual increase. Increases are set by reference to: • individual performance; • internal and external comparators; and • market conditions.
Opportunity	Base salary increases are reviewed at the same time as those across the Company and will usually be in line with market increases. The Remuneration Committee will consider differences to this where there is: • increase in role scope or responsibility, including a promotion; • external market data showing that the salary is not competitive; and/or • a risk of not attracting or retaining executives.
Performance metrics	The individual's performance, external market and internal relativities will determine the salary level. Salary levels for the Executive Directors for 2024/25 are set out later in this report.

Executive Director Annual Bonus Arrangements	
Purpose and strategy	Incentivises and rewards performance against annual targets, which support the Company's strategic direction and personal development.
Operation	Annual targets included Health, Safety and Wellbeing, project milestones, public perception, employee engagement, as well as personal targets. Targets are set annually by the Remuneration Committee and notified to the Board. The Remuneration Committee approves the assessment of achievement. All bonuses are discretionary and can be removed or adjusted at the Committee's discretion.
Opportunity	Maximum bonus opportunities CEO – 100% CFO – 80% CTO – 80% Awards for 2024/25 were: CEO – 80% CFO – 64% CTO – 64%
Performance metrics	See table below.

Performance metrics:

Objective	Requirement	2024/25 Target	Achievement
Health Safety and Wellbeing	Maintain Strong HSW performance including marine.	Safety record better than other recent major projects. Improved performance on 2023/24.	Generally continued strong performance and improvement on previous year against all targets.
Schedule Cost and Quality	Working with Programme Manager., MWCs, SIC and TWUL to safely deliver the most efficient schedule whilst maintain strong oversight and cost control.	Removal of Shaft F wall by 31 May 2024.	Removal completed 9 May 2024.
		All Storm Test completed by 31 March 2025.	Storm Test not yet started.
	Asset quality and fitness for purpose.	No significant delays due to quality issues.	No delays due to quality issues.
Vision Legacy and Reputation	Support from stakeholders.	Active support from stakeholders in progressing the project to Handover.	Stakeholders continued to actively endorse the project publicly.
Company and People	Organisation changes delivered against plan, whilst preserving a values driven, skilled, diverse and engaged workforce.	Subjective (evidence of effective organisation transition including surveys/polls and feedback from the Workforce Engagement Director with Employee Reps).	Positive feedback from employee reps to Workforce Director. Nil rate of unplanned employee attrition. Project wide gender parity increased from 36% to 38% female over the year.

These targets are shared with all employees.

- The Committee has discretion to weight each of the above requirements as it sees fit.
- The Committee has assessed that the Company achieved 80 per cent of its goals overall.
- The Committee has discretion to reduce the bonus to zero if there is a significant health and safety or regulatory breach.

Committee Reports
Remuneration Committee Report

EXPLANATION OF PERFORMANCE METRICS CHOSEN
The metrics chosen were designed to ensure that all employees remained engaged with the project's priorities, of time and budget, whilst underpinning the Company's core values of transformational health and safety, stakeholder and employee engagement. Delivering the operational tunnel will ensure improved environmental goals of a cleaner river Thames.

Company targets for Directors and Executive Management range between 50 per cent and 100 per cent of the bonus opportunity, with individual targets making up the remainder. For other employees, the split is 25 per cent Company targets and 75 per cent personal targets. Individual targets focus on all areas of the Company, project delivery and personal development.

Executive Director In Service Benefits	
Purpose and strategy	Ensures the overall package is competitive and supports the recruitment and retention of suitable Directors.
Operation	Executive Directors receive benefits in line with market practice, which include car allowance, medical insurance and life insurance. Other benefits, dependent on individual circumstances, could include travel, accommodation or relocation allowances.
Opportunity	Benefits are determined at an appropriate level based on external market data and, in the case of other benefits, personal circumstances.
Performance metrics	Not applicable.

Executive Director Retirement Benefits	
Purpose and strategy	Ensures the overall package is competitive, within current pensions and taxation parameters, to provide post-employment benefits.
Operation	Executive Directors receive a Company contribution towards their pension of between £4,000 and £10,000 per annum.
Opportunity	The Executive Directors have fully portable self-invested personal pensions.
Performance metrics	Not applicable.

The Company may terminate the contract of any Executive Director in line with their contract of employment, which includes provision for payment in lieu of notice. Employment contracts may be terminated without payment in circumstances of gross misconduct.

Executive Director Termination Policy	
Base salary + benefits	Payment made up to termination date.
Annual bonus	There is no contractual entitlement to a bonus payment. If the Director is under notice or left employment at the time of payment, the Committee may use its discretion to make a bonus award. Typically, in the market this would be pro-rated for time and based on the performance assessed at the end of the bonus year.
Long-term incentive plan	Treatment would be in line with plan rules and at the Remuneration Committee's discretion.

Executive Director LTIP Arrangements Applicable to the CEO, CFO	
Purpose and strategy	To reward performance and delivery and retain Directors over the life of the project, right through to final commissioning and handover of the tunnel at completion, in line with Company values and legacy commitments.
Opportunity	One LTIP programme is still in operation (LTIP3). This is awarded at Handover and is payable as to two-thirds at Handover of the tunnel and one third at System Acceptance. Amounts paid out depend on the timing of system wide Handover and acceptance of the tunnel and the costs of achieving this. LTIP3 is calculated as up to 200% of salary for each of the years from scheme introduction to Handover.
Performance metrics	100% of LTIP3 will be paid if the Committee considers that Handover and System Acceptance has or will occur by a specified date and agreed forecast costs have been met. The award is adjusted downwards if either the schedule or cost are not met. The Committee has discretion to reduce all or any tranche of the LTIP to zero for, inter alia, health and safety or regulatory breaches or malus.

Committee Reports

Remuneration Committee Report

Executive Director Retention Arrangements Applicable to the CEO, CFO and CTO	
Purpose and strategy	To reward performance and delivery and retain Directors over the life of the project, right through to final commissioning and handover of the tunnel at completion, in line with Company values and legacy commitments.
Operation	The Retention bonus is split into three tranches. Each is designed to encourage completion of the project as swiftly as possible, without compromising health and safety or quality, and to deliver our stated legacy aims of cleaning up the river.
Opportunity	Tranche 1 (25%) is awarded on the date that the tunnel achieves is Pre-commissioning Commencement date, tranche 2 (37.5%) at Handover and the tranche 3 (37.5%) on Systems Acceptance. The overall maximum opportunity to Systems Acceptance is: CEO 7.9 x salary CFO 8.3 x salary CTO 7.1 x salary Salary is calculated as at April 2022. An increase in this award will be made in 2025 payable on System Acceptance of up to £500k.
Performance metrics	Service up to the completion of project milestones. The Committee has discretion to reduce all or any tranche of the retention to zero or require repayment for, inter alia, health and safety or regulatory breaches or malus.

POTENTIAL REMUNERATION SCENARIOS FOR EXECUTIVE DIRECTORS

Here we set out the potential remuneration for Executive Directors in various bonus award scenarios.

	Fixed Pay	Annual Bonus
Minimum performance	Fixed elements of remuneration are base salary, benefits and pensions.	**30%** of potential annual bonus achieved
Median performance	Individual performance would be expected to have a positive impact **on base salary – see pay and conditions** for Executive Directors.	**70%** of potential annual bonus achieved
Maximum performance		**120%** of potential annual bonus achieved

Here is the relative split of remuneration between fixed (base salary, benefits and pensions) and variable elements (annual bonus) for the Executive Directors under the three scenarios.

Non-Executive Director's Fees	
Purpose and strategy	Non-Executive Directors receive only a fee, which is set at a level that reflects market conditions and is sufficient to attract individuals with appropriate skills, knowledge and experience. The Chair and Deputy Chair receive enhanced fees for additional responsibilities. Non-Executive Directors representing shareholders do not receive fees from the Company.
Operation	Fees are reviewed either every year, on the change of responsibilities or the appointment of new Non-Executive Directors. The Board determines the remuneration of the Non-Executive Directors within the limits set in the Articles of Association.
Opportunity	Non-Executive Directors do not receive annual bonuses, benefits or pension contributions. Fees are based on the level of fees paid to Non-Executive Directors on the boards of comparable companies and the time commitment expected.

DIRECTOR'S CONTRACTS

The Executive Directors have employment contracts with six months' notice on either side. The Directors who held office during the period are listed in the Governance Report.

The Independent Non-Executive Directors have service contracts with three months' notice on either side. Details of their appointment to the Board can be found in the Governance Report.

Committee Reports
Remuneration Committee Report

REMUNERATION
The total remuneration earned by each Director is shown in the following tables. These tables have been audited by PwC.

Year Ended 31 March 2025	Base Salary £'000	Taxable Benefits £'000	Annual Bonus £'000	LTIP £'000	Retention Bonus £'000	Pension Contributions £'000	Total £'000
Andy Mitchell	550	17	423	–	1,500	4	2,494
Mathew Duncan	350	25	225	–	1,050	10	1,660
Roger Bailey	350	17	208	–	550	4	1,129
Sir Neville Simms *	138	5	–	–	–	–	143
Richard Morse **	25	–	–	–	–	–	25
Mike Putnam	70	6	–	–	–	–	76
Shirley Campbell ***	24	–	–	–	–	–	24
Michael Queen ****	132	–	–	–	–	–	132
Baroness Ruby McGregor-Smith *****	92	–	–	–	–	–	92
Mohammed Saddiq ******	24	–	–	–	–	–	24
Total	**1,755**	**70**	**856**	**–**	**3,100**	**18**	**5,799**

** Sir Neville Simms resigned as a Chair of the Board & Statutory Director in September 2024.*
*** Richard Morse resigned as a Deputy Chair of the Board & Statutory Director in June 2024.*
**** Shirely Campbell was appointed as a Statutory Director in November 2024.*
***** Michael Queen was appointed Chair of the Board in October 2024.*
****** Baroness Ruby McGregor-Smith was appointed Deputy Chair of the Board in July 2024.*
******* Mohammed Saddiq was appointed as a Statutory Director in November 2024.*

Year Ended 31 March 2024	Base Salary £'000	Taxable Benefits £'000	Annual Bonus £'000	LTIP £'000	Retention Bonus £'000	Pension Contributions £'000	Total £'000
Andy Mitchell	523	17	354	–	1,000	4	1,898
Mathew Duncan*	351	34	188	–	700	–	1,273
Roger Bailey	323	17	174	–	–	4	518
Sir Neville Simms	275	10	–	–	–	–	285
Mark Sneesby**	–	–	–	–	–	–	–
Richard Morse	100	–	–	–	–	–	100
Mike Putnam	68	6	–	–	–	–	74
John Holland-Kaye***	–	–	–	–	–	–	–
Michael Queen	68	–	–	–	–	–	68
Baroness Ruby McGregor-Smith	68	–	–	–	–	–	68
Total	**1,776**	**84**	**716**	**–**	**1,700**	**8**	**4,284**

** Mathew Duncan received a grossed-up payment in lieu of a pension contribution.*
*** Mark Sneesby resigned in September 2021, the payment in the year ended 31 March 2023 reflects cash settlement of an LTIP.*
**** John Holland-Kaye resigned as a Statutory Director in the year ended 31 March 2023.*

RECRUITMENT REMUNERATION POLICY
We use the policy detailed above when deciding on the overall remuneration package for externally recruited Directors. The Committee has the discretion to include other components outside of the policy, if this is necessary to facilitate the hiring of individuals of the right calibre and experience.

This report was approved by the Board of Directors on 17 June 2025.

Shirley Campbell
Chair of the Remuneration Committee

Relationship with Shareholders

OUR OWNERS

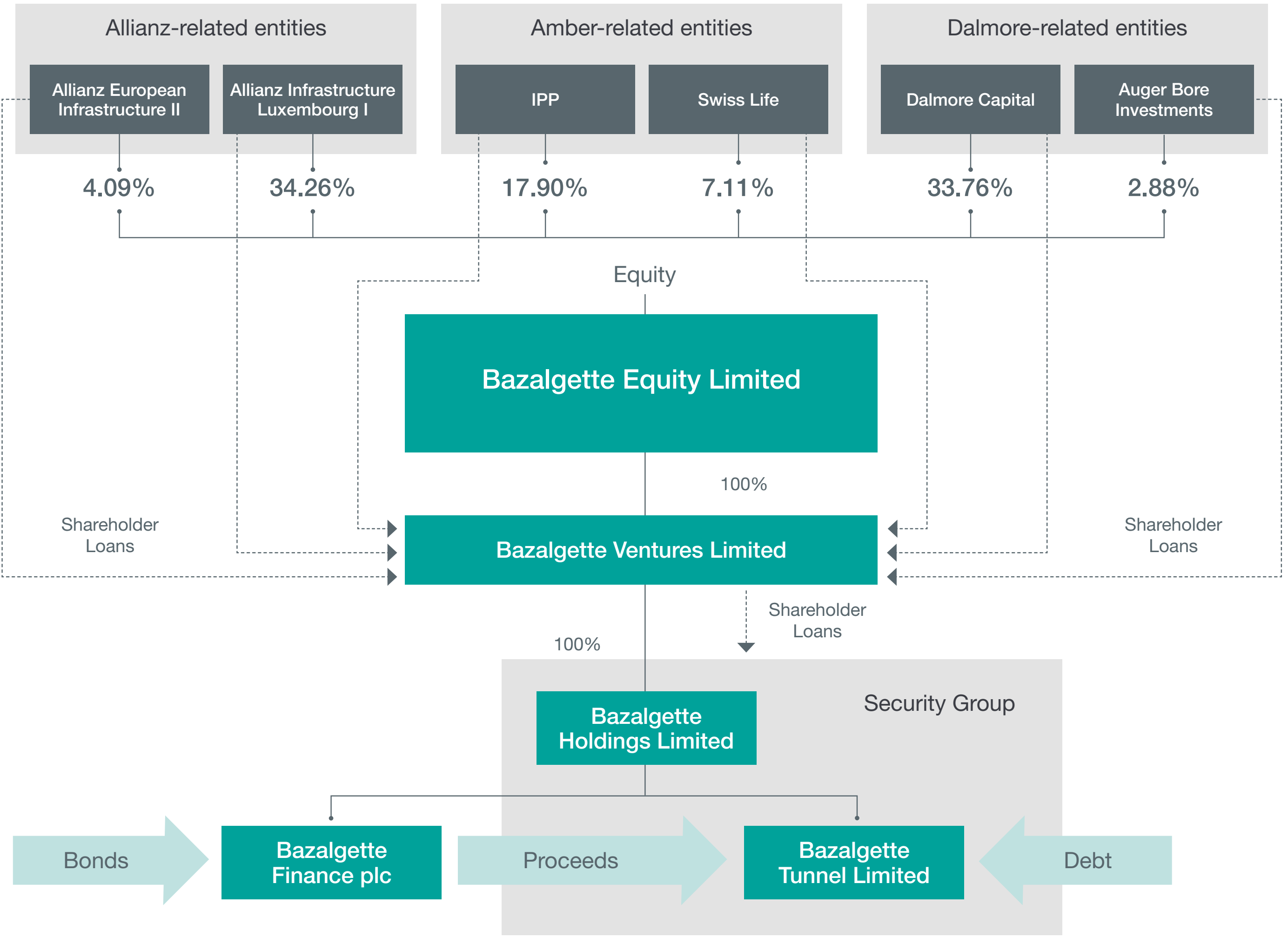
Tideway is owned by a consortium of investors. Here we set out our equity investors and their equity interests as at 1 June 2025.

Shareholder and Shareholding	Description
Allianz Infrastructure Luxembourg I S.a.r.l. **34.26%** Allianz European Infrastructure II Acquisition Holdings S.a.r.l **4.09%**	The Allianz Group is one of the world's leading insurers and asset managers with around 128 million* private and corporate customers in nearly 70 countries. Allianz customers benefit from a broad range of personal and corporate insurance services, ranging from property, life and health insurance to assistance services to credit insurance and global business insurance. Allianz is one of the world's largest investors, managing around €776 billion** on behalf of its insurance customers. Furthermore, its asset managers PIMCO and Allianz Global Investors manage about €1.9 trillion of third-party assets. Thanks to its systematic integration of ecological and social criteria in its business processes and investment decisions, Allianz is among the leaders in the insurance industry in the Dow Jones Sustainability Index. In 2024, over 156.000 employees achieved total business volumes of. €179.9 billion and an operating profit of €16 billion for the group. The investment in Tideway is funded from the balance sheets of various Allianz Group insurance companies and the Allianz European Infrastructure Fund II, managed by Allianz Capital Partners GmbH.
Dalmore Capital 14 GP Limited **33.76%** Auger Bore Investments Limited **2.88%** (Both Dalmore related entities)	Dalmore Capital is an independent fund manager, with a focus on long-term, limited-volatility infrastructure investments, particularly in the UK. Dalmore has interests in over 130 infrastructure assets and has assets under management of over £5.7bn. For its investment in Tideway, Dalmore established dedicated investment vehicles which have secured commitments from some of the UK's leading pension funds, as well as from a number of European infrastructure investors.
IPP (Bazalgette) Limited **17.90%** Bazalgette (Investments) Limited **7.11%** (Both Amber related entities)	Amber Infrastructure is a specialist international infrastructure manager, focused on investment origination, asset management and fund management. With approximately £5 billion of funds under management, Amber invests across eight funds (two listed and six private) and a number of managed accounts, including International Public Partnerships Limited (INPP, a London Stock Exchange listed infrastructure company), for public and private sector investors. Amber benefits from being part of Boyd Watterson Global Asset Management Group LLC, a global diversified infrastructure, real estate and fixed income business with over $35.7 billion in assets under management and over 300 employees with offices in eight US cities and twelve countries. Amber's core business focuses on sourcing, developing, advising, investing in and managing infrastructure assets across the public, transport, energy, digital and demographic infrastructure sectors that support the lives of people, homes and businesses internationally. Amber is headquartered in London with offices in the UK, Europe, North America, Australia and New Zealand. Amber manages the IPP and the respective investment of a fund advised by Swiss Life Asset Managers in Tideway which are held through IPP (Bazalgette) Limited and Bazalgette (Investments) Limited respectively. Swiss Life Asset Managers is one of the-largest managers of institutional assets in Switzerland, with over 2,300 employees and more than 165 years of experience in managing the assets of the Swiss Life Group. Assets under management amount to CHF 272bn as of 31 December 2024. The core competencies of Swiss Life Asset Managers lie in actively managed solutions in Infrastructure, Real Estate, Fixed Income, Equities and Multi-Asset classes.

The Shareholder Directors are the primary conduit by which the Board interacts with the Shareholders and understands their views, both individually and collectively. As described in the Governance Standards section, a number of arrangements are in place to ensure Tideway maintains an independent Board for the purposes of strategic and risk management decisions. Matters reserved to Shareholders are detailed here, together with a description of the one occasion in the year when these reserved powers arose.

TIDEWAY GROUP STRUCTURE

Bazalgette Tunnel Limited is part of a group of companies. Its immediate parent company is Bazalgette Holdings Limited, which is in turn wholly owned by Bazalgette Ventures Limited, and its ultimate holding company is Bazalgette Equity Limited. The structure of the Tideway group of companies and their role is described here.



* Including non-consolidated entities with Allianz customers.

** As of 31 December 2024

Relationship with Shareholders

THE ROLE OF EACH COMPANY

Name	Registration Number	Place of Registration	Description
Bazalgette Tunnel Limited	9553573	England and Wales	The Infrastructure Provider entity licensed by Ofwat to design, build, commission and maintain the regulated assets of the Thames Tideway Tunnel. It lies within the security ring-fence.
Bazalgette Holdings Limited	9553510	England and Wales	Bazalgette Tunnel Limited's immediate holding company, established to act as the vehicle where the Secretary of State would inject funds if required. It lies within the security ring-fence.
Bazalgette Ventures Limited	9553461	England and Wales	The holding company of Bazalgette Holdings Limited. It was established to act as the vehicle for shareholder loan funding.
Bazalgette Equity Limited	9553394	England and Wales	The ultimate holding company of the group. It was established to act as the vehicle for shareholder share capital funding.
Bazalgette Finance plc	9698014	England and Wales	A sister company of Bazalgette Tunnel Limited and financing subsidiary of Bazalgette Holdings Limited, established to be the issuer of public market bonds. It lends on the proceeds of any bond issuance to Bazalgette Tunnel Limited.

RELATIONSHIP WITH SHAREHOLDERS

Each shareholder controlling 10 per cent or more of the ordinary shares of Bazalgette Equity Limited and loan notes of Bazalgette Ventures Limited is entitled to appoint one Director to the Boards of Bazalgette Equity Limited, Bazalgette Ventures Limited and Bazalgette Holdings Limited.

Each shareholder controlling 20 per cent or more of the ordinary shares of Bazalgette Equity Limited and loan notes of Bazalgette Ventures Limited is entitled to appoint a second Director to the Boards of Bazalgette Equity Limited, Bazalgette Ventures Limited and Bazalgette Holdings Limited.

Each shareholder controlling 20 per cent or more of the ordinary shares of Bazalgette Equity Limited and loan notes of Bazalgette Ventures Limited is entitled to appoint one Observer to the Board of Bazalgette Tunnel Limited.

Each shareholder controlling 30 per cent or more of the ordinary shares of Bazalgette Equity Limited and loan notes of Bazalgette Ventures Limited is entitled to appoint a second Observer to the Board of Bazalgette Tunnel Limited.

The Observers are entitled to attend Board and Committee meetings and to speak with the permission of the Chair of the Board but are not entitled to vote.

SHAREHOLDER RESERVED MATTERS

There are a limited number of matters reserved by the Board for approval by Shareholders. These matters require the approval of Shareholders holding either 75 per cent or 90 per cent of Tideway's equity. Each Shareholder has a number of votes on such matters equal to its shareholding in Bazalgette Equity Limited.

The Shareholder reserved matters are described in full, here, together with a summary of the nature of each matter. Although these matters are reserved to the Shareholders, the Board expresses its view before any Shareholder decisions are taken. The Board retains responsibility for all matters related to Tideway's strategy and is accountable for all aspects of Tideway's business.

In the year, matters reserved to Shareholders arose just once in the Board's decision-making activities, relating to the reappointment of PWC as external auditor for statutory and regulatory audit and related services for the Tideway group companies for 2024/25.

SHAREHOLDER RESERVED MATTERS REQUIRING 75% APPROVAL

Nature of Matter	Description
General corporate	Matters relating to the issue of any shares in any Tideway group company.
Incurring of commitments, liabilities etc.	Unless contemplated by the Annual Business Plan or Budget.
Acquisitions or disposals	Including capital expenditure over 5% of the regulatory capital value of the Project ("RCV") (see *Tideway's Annual Performance Report* for value) or not contemplated by the annual Business Plan or Budget.
Accounts, auditor	The change of Tideway's accounting reference date, the removal or appointment of the auditor and any change to the accounting policies, except where required as a consequence of a change in IFRS, GAAP or law.
Manner of carrying on business	Entering into or materially changing a material contract, to the extent not contemplated by the annual Business Plan or Budget. Substantial alteration in the nature of the business or cessation of the business. Approval of or making amendments to the Project Licence, Business Plan or Budget, which would result in additional expenditure or indebtedness over 5% of RCV. Entering into any guarantee in excess of 5% of RCV. The appointment to the Board or removal of an Executive Director, as recommended by the Nomination Committee. The conduct of litigation and claims involving any Tideway group company, where the potential liability may exceed 5% of RCV. Any material submission or application to Ofwat, whether pursuant to the Licence or otherwise. Any request that Ofwat refer a matter to the Competition and Markets Authority. The submission of any material tax claim, disclaimer, election or consent. The issuances or withdrawal of notices pursuant to the Government Support Package. The replacement of a Main Works Contractor, System Integrator or Project Manager during the Construction Period. The appointment of a Tideway representative to the Liaison Committee and any voting in relation to material variations to the scope of the project. The approval of or entry into a related party transaction.

SHAREHOLDER RESERVED MATTERS REQUIRING 90% APPROVAL

Nature of Matter	Description
Partnership, joint venture or other agreement	Entering into any partnership or other profit-sharing agreement in excess of a materiality threshold.
Articles and Board composition	A change to the articles, acting contrary to the articles or a change to the Board composition requirements in the Shareholders' Agreement.
Share denomination	Any consolidation or redenomination of any shares.
Share redemptions or buybacks	The redemption or purchase by any Tideway group company of any share or the reduction of its share capital or any uncalled or unpaid liability in respect thereof, capital redemption reserve or share premium account.
Winding-up or liquidation	Any proposal for the winding-up or liquidation of any Tideway group Company.
Control of Bazalgette Equity Limited, Bazalgette Ventures Limited and Bazalgette Holdings Limited	Any arrangement whereby the Directors no longer determine the general policy, scope of activity and operation or major decisions of Bazalgette Equity Limited, Bazalgette Ventures Limited and Bazalgette Holdings Limited.
Paying up of share capital or debentures	The paying up of any share capital or debenture or debenture stock of any Tideway group company by way of capitalisation or application of any profits or reserves.
Schemes or arrangement and demergers	The proposal of any compromise or arrangement within the meaning of section 895 of the Companies Act 2006 or any arrangement pursuant to which any Tideway group company is to make a distribution of the kind described in section 1075 of the Corporation Tax Act 2010.

Directors' Report

The Directors present their Annual Report and the audited Company financial statements of Bazalgette Tunnel Limited (the "Company") for the year ended 31 March 2025. The Company is incorporated and domiciled in the United Kingdom. The registered company number is 09553573 and the Company's registered address is 6th Floor, Blue Fin Building, 110 Southwark Street, London, SE1 0SU.

The financial statements are the Company's statutory financial statements as required to be delivered to the Registrar of Companies. This Directors' report includes certain disclosures as required under the Companies Act 2006.

OWNERSHIP AND RELATIONSHIP WITH ASSOCIATED COMPANIES

Bazalgette Tunnel Limited is owned by a consortium of investors. These investors are Dalmore Capital 14 GP Limited, Auger Bore Investments Limited, Allianz Infrastructure Luxembourg I S.a.r.l, Allianz European Infrastructure II Acquisition Holdings S.a.r.l, IPP (Bazalgette) Limited and Bazalgette (Investments) Limited. Further information on our equity investors and their equity interests as set out in the Governance Report.

DIRECTORS

The Directors who held office during the year, and thereafter, are listed in the Governance Report.

DIRECTORS' INDEMNITIES

Subject to the conditions set out in Section 234 of the Companies Act 2006, the Company has made qualifying third-party indemnity provisions for the benefit of its Directors, the Company Secretary and the General Counsel and these remain in force at the date of this report. The Company had in place Directors and Officers Liability insurance for the year.

CORPORATE GOVERNANCE

Full disclosure on the Company's Corporate Governance activities is set out in the Governance Report and is incorporated by reference into this Directors' Report.

PRINCIPAL ACTIVITIES

The Company's business is to design, build and maintain the Thames Tideway Tunnel. A full explanation of the Company's principal activities is set out in the Strategic Report.

FINANCIAL RESULTS AND DIVIDENDS

Following the Company's accounting policies (see note 1 to the financial statements), all costs that meet the capitalisation criteria are capitalised and all regulatory revenue received is currently deferred on the Statement of Financial Position. This accounting treatment is expected to continue throughout the construction phase of the project.

The Company recorded a £3.5m profit for the year ended 31 March 2025 (31 March 2024, here after referred to as "2024": £14.5m profit). This is a result of fair value movements on the Company's derivative financial instruments. The tunnel asset under construction totalled £5,772.9m at 31 March 2025 (2024: £5,400.7m).

An explanation of the financial results of the Company are set out in the Financial Performance Review. The Company did not pay any dividends in the year (2024: £nil). During the year, £26.2m (2024: £nil) of shareholder loan interest was paid and £nil loan principal was repaid during the year (2024: £nil). Further details of the shareholder loan notes are set out in note 10 of the financial statements.

FINANCIAL RISK MANAGEMENT

Full disclosure on the Company's financial risk management is set out in the financial statements in note 11.

INVOLVEMENT OF EMPLOYEES

Details of how the Company undertakes engagement with its employees is detailed in the Company and People section of the Strategic Report.

The average number of people employed by the Company (including Directors) during the year was 84 (2024: 97). Details relating to the Company's employment policies and values are set in the Strategic Report.

GREENHOUSE GAS EMISSIONS

The Company's approach to identifying and reducing its greenhouse gas emissions is set out in the Strategic Report.

CHARITABLE AND POLITICAL DONATIONS

The Company made charitable donations totaling £7,755 during the year (2024: £16,143). Details of the Company's charitable partnerships are set out in the Strategic Report.

The Company did not make any political donations or incur any political expenditure during the year (2024: £nil).

PAYMENT TO SUPPLIERS

Settlement terms are agreed with suppliers as part of the contract terms and the Company's policy is to pay in accordance with these terms. Our Main Works Contractors signed up to the Prompt Payment Code, most of our major suppliers have been signatories to this. During the year the Prompt Payment Code has been replaced by the Fair Payment Code, Tideway has signed up to the Fair Payment Code. The creditor days for the year ended 31 March 2025 were approximately 3 days (2024: 5 days).

EVENTS OCCURRING AFTER THE REPORTING PERIOD

Details of any events occurring after the reporting date are included in note 16 of the financial statements.

DISCLOSURE OF INFORMATION TO THE AUDITORS

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware. Each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

OTHER INFORMATION

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT, STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK-adopted international accounting standards and applicable law.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of their profit and loss for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with UK-adopted international accounting;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Directors have decided to prepare voluntarily the Corporate Governance Statement as if the Company were required to comply with the Listing Rules of the Financial Conduct Authority in relation to those matters.

Under applicable law and regulations, the directors are also responsible for preparing a Strategic Report and a Director's Report that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

RESPONSIBILITY STATEMENT OF THE DIRECTORS IN RESPECT OF THE ANNUAL FINANCIAL REPORT

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company.
- the Strategic Report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

The Directors considers the Annual Report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

On behalf of the Board.

Mathew Duncan
Chief Financial Officer

6th Floor, Blue Fin Building, 110 Southwark Street, London, SE1 0SU. 17 June 2025

FINANCIAL STATEMENTS

For the year ended 31 March 2025
Registered number 09553573

Aerial view of Kirtling Street.

Independent Auditors' Report

to the members of Bazalgette Tunnel Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

In our opinion, Bazalgette Tunnel Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2025 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the Company Statement of Financial Position as at 31 March 2025; the Company Income Statement, the Company Statement of Comprehensive Income, the Company Statement of Cash Flows, and the Company Statement of Changes in Equity for the year then ended; and the notes to the financial statements, comprising material accounting policy information and other explanatory information.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

OUR AUDIT APPROACH

Overview

Audit scope

- As part of designing our audit, we determined materiality and assessed the risk of material misstatement in the financial statements. In particular, we looked at where directors made subjective judgments, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all our audits we also addressed the risk of management override of internal controls, including evaluation whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Key audit matters

- Valuation of financial derivatives.

Materiality

- Overall materiality: £115,318,600 (2024: £113,205,800) based on 2% of total assets.
- Performance materiality: £86,488,900 (2024: £56,602,900).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

Completeness of costs recognised during the year, which was a key audit matter last year, is no longer included because of the tunnel being near to completion. There have been less construction activities in the period and therefore we consider there to be less uncertainty on the completeness of costs to record in the year. Otherwise, the key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Valuation of financial derivatives The derivative position as at 31 March 2025 was a liability of £135.3m (2024: £148.0m). The pre-credit risk valuation is relatively objective and as a result this element of the derivative valuation is not deemed to be a significant risk. The CVA/DVA adjustment (or post credit risk valuation) is designated as a significant risk as the credit risk adjustment valuation methodology can be judgemental as there is no prescribed approach in IFRS 13. Refer to page 68 and note 11 of the financial statements.	We obtained an understanding and addressed the design and implementation of financial controls relating to derivatives process and the related accounting treatment. We have performed the following procedures to address the risk of valuation of financial derivatives: We obtained independent confirmations from external counterparties and agreed terms to contracts in order to confirm the existence and terms of all derivative contracts. Engaged with our specialist valuations team, who have performed independent testing of the pre-credit risk adjusted valuations and over the full CVA/DVA adjustment to support the engagement team in their assessment of the balances. Performed analysis of the directional movement in the derivative position relative to movements in inflation and interest rates. Obtained and reviewed revised swap term sheets during the year, and tested accretion payments made during the year. Assessed the disclosure of derivatives in the financial statements. Overall, we consider that the valuation methodology and judgements management have used are reasonable and the fair values recorded at the balance sheet date are appropriate.

Independent Auditors' Report

to the members of Bazalgette Tunnel Limited

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, and the industry in which it operates.

We tailored the scope of the audit to ensure we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, and the industry in which operates.

The entity consists of one operation segment and is managed from a single location in the United Kingdom.

The impact of climate risk on our audit

As part of our audit we made enquiries of management to understand the extent of the potential impact of climate risk on the company's financial statements, and we remained alert when performing our audit procedures for any indicators of the impact of climate risk. Our procedures did not identify any material impact as a result of climate risk on the company's financial statements.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall company materiality	£115,318,600 (2024: £113,205,800)
How we determined it	2% of total assets
Rationale for benchmark applied	The entity function is to build a single asset. Therefore, using total assets as a benchmark is considered appropriate.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2024: 50%) of overall materiality, amounting to £86,488,900 (2024: £56,602,900) for the company financial statements.

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls – and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with those charged with governance that we would report to them misstatements identified during our audit above £5,765,900 (2024: £5,660,290) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

CONCLUSIONS RELATING TO GOING CONCERN

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- Testing the mathematical integrity of the cash flow forecast of the group, as headed by Bazalgette Equity Limited and which includes the company, together the "Group", used by management to support their going concern assumption and reconciling these to the Board approved budget;
- Evaluating the Group cash flow forecast used in the going concern assessment and assessing the reasonableness of assumptions made and other key inputs such as whether any debt matured in the going concern assessment period;
- Performing sensitivity analysis on the Group's forecast cash flow;
- Obtaining covenant compliance certificates of the Group, confirming that all the key covenants that impact the continued access to finance have been considered over the relevant time periods and verified the mathematical accuracy, and testing inputs back to either the year end financial numbers or for forecasted information to the Board approved budget;
- Performing a comparison for the Group, of budget versus actual for the year ended 31 March 2025 and understanding where variances had arisen. Through this testing we obtained reasonable assurance over management's ability to forecast accurately;
- Evaluating the adequacy of the going concern disclosures in the financial statements; and
- Consideration of any known events that may cast doubt on ability to continue as a going concern.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

In relation to the directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

REPORTING ON OTHER INFORMATION

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 March 2025 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Corporate governance statement

ISAs (UK) require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the company's compliance with the provisions of the UK Corporate Governance Code, which the Listing Rules of the Financial Conduct Authority specify for review by the auditor. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The directors' explanation as to their assessment of the company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Independent Auditors' Report

to the members of Bazalgette Tunnel Limited

Our review of the directors' statement regarding the longer-term viability of the company was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the company and its environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the audit committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities in Respect of the Annual Report, Strategic Report, the Directors' Report, and the Financial Statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to Ofwat regulations including licence conditions and Environmental regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as Companies Act 2006, Tax legislation and Employment law. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting of journal entries to manipulate the financial results in the year including journals to decrease the value of the asset under construction and journals that credit the profit and loss. Audit procedures performed by the engagement team included:

- Discussions and enquiries of management, the internal audit function and legal, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluation of management's controls designed to prevent and detect irregularities;
- Challenging assumptions made by management in determining significant accounting estimates and judgments. We have tested significant accounting estimates and judgements to supporting documentation, considering alternative information where available along with considering the appropriateness of the related disclosures in the financial statements;
- Identifying and testing a sample of journal entries throughout the whole year, which met our pre-determined fraud risk criteria;
- Reviewing minutes of meetings of those charged with governance and reviewing internal audit reports; and
- Performing unpredictable procedures.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: *www.frc.org.uk/auditorsresponsibilities*. This description forms part of our auditors' report. In our engagement letter, we also agreed to describe our audit approach, including communicating key audit matters.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

OTHER REQUIRED REPORTING

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

OTHER VOLUNTARY REPORTING

Directors' remuneration

The company voluntarily prepares a Directors' remuneration report in accordance with the provisions of the Companies Act 2006. The directors requested that we audit the part of the Directors' remuneration report specified by the Companies Act 2006 to be audited as if the company were a quoted company.

In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

Andy Grimbly

Andy Grimbly
Senior Statutory Auditor

For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Reading
17 June 2025

Financial Statements

COMPANY INCOME STATEMENT

For the year ended 31 March

	Notes	2025 £m	2024 £m
Net operating costs	2, 3	–	–
Finance income	4	–	–
Finance costs	4	–	–
Gains on financial instruments	4	3.5	14.5
Profit before tax		**3.5**	**14.5**
Taxation	5	–	–
Profit for the year		**3.5**	**14.5**

COMPANY STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March

	2025 £m	2024 £m
Profit for the year	3.5	14.5
Other comprehensive income for the year	–	–
Total comprehensive income for the year	**3.5**	**14.5**

Notes 1 to 16 form an integral part of these financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION

As at 31 March

	Notes	2025 £m	2024 £m
Non-current assets			
Property, plant and equipment	6	5,773.2	5,401.8
Other receivables	7	4.5	20.9
		5,777.7	5,422.7
Current assets			
Trade and other receivables	7	33.4	69.9
Cash and cash equivalents	8	111.9	167.7
Short-term deposits	8	145.0	230.0
		290.3	**467.6**
Total assets		**6,068.0**	**5,890.3**
Current liabilities			
Trade and other payables	9	(85.4)	(129.3)
Lease liabilities		(0.1)	(0.7)
Borrowings	10	(27.5)	–
Derivative financial instruments	11	(8.5)	(1.5)
		(121.5)	**(131.5)**
Non-current liabilities			
Advance payment liability	9	(612.6)	(484.5)
Lease liabilities		–	(0.1)
Borrowings	10	(4,617.0)	(4,540.9)
Other payables	9	(11.7)	(11.9)
Derivative financial instruments	11	(126.8)	(146.5)
		(5,368.1)	**(5,183.9)**
Total liabilities		**(5,489.6)**	**(5,315.4)**
Net assets		**578.4**	**574.9**
Equity			
Share capital	12	509.7	509.7
Retained earnings	12	68.7	65.2
Total equity		**578.4**	**574.9**

Notes 1 to 16 form an integral part of these financial statements.

These financial statements on pages 64 to 71 were approved by the Board of Directors on 17 June 2025 and were signed on its behalf by:

Mathew Duncan
Director

Company registered number: 09553573

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March

	Share capital £m	Retained earnings £m	Total equity £m
Balance at 1 April 2023	509.7	50.7	560.4
Profit for the year	–	14.5	14.5
Other comprehensive income	–	–	–
Total comprehensive income for the year	**–**	**14.5**	**14.5**
Total contributions by and distributions to owners	**–**	**–**	**–**
Balance at 31 March 2024	**509.7**	**65.2**	**574.9**
Balance at 1 April 2024	509.7	65.2	574.9
Profit for the year	–	3.5	3.5
Other comprehensive income	–	–	–
Total comprehensive income for the year	**–**	**3.5**	**3.5**
Total contributions by and distributions to owners	**–**	**–**	**–**
Balance at 31 March 2025	**509.7**	**68.7**	**578.4**

Notes 1 to 16 form an integral part of these financial statements.

COMPANY STATEMENT OF CASH FLOWS

For the year ended 31 March

	Notes	2025 £m	2024 £m
Cash flows from operating activities			
Decrease in trade and other receivables	7	6.4	29.0
Decrease in trade and other payables	9	(44.3)	(19.7)
Increase in advance payment liability	9	128.1	106.5
Cash generated from operations		**90.2**	**115.8**
Net cash flows from operating activities		**90.2**	**115.8**
Cash flows from investing activities			
Construction of infrastructure asset *	6	(252.9)	(359.8)
Repayment of loan from an intra-group company	7	22.4	–
Funds placed in short-term deposits	8	(70.0)	(230.0)
Short-term deposits matured	8	155.0	220.0
Net cash flows used in investing activities		**(145.5)**	**(369.8)**
Cash flows from financing activities			
Proceeds from new borrowings		–	315.7
Principal repayments of lease liabilities		(0.5)	(1.5)
Net cash flows (used in)/ from financing activities		**(0.5)**	**314.2**
Net (decrease)/increase in cash and cash equivalents during the year		**(55.8)**	**60.2**
Cash and cash equivalents at the beginning of the year	8	167.7	107.5
Cash and cash equivalents at the end of the year	8	**111.9**	**167.7**

Notes 1 to 16 form an integral part of these financial statements.

* *Construction of infrastructure asset includes capitalised interest and swap accretion paid of £102.0m (2024: £25.4m) and capitalised interest received of £19.1m (2024: £16.7m).*

Financial Statements

Notes to the Financial Statements

1 MATERIAL ACCOUNTING POLICY INFORMATION

Basis of Preparation

Bazalgette Tunnel Limited (the "Company") is a private company incorporated, domiciled and registered in England, the UK. The registered number is 09553573 and the registered office address is 6th Floor, Blue Fin Building, 110 Southwark Street, London, SE1 0SU.

The Company financial statements have been prepared and approved by the Directors in accordance with UK-adopted international accounting standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards ("UK-Adopted IFRS"). The financial statements are prepared on a historical cost basis except for certain financial instruments that are measured at fair value. Where items are sufficiently significant by virtue of their size or nature, they are disclosed separately in the financial statements in order to aid the reader's understanding of the Company's financial position.

The accounting policies set out below have been applied consistently to all periods presented in these company financial statements.

The financial statements are presented in Pounds Sterling.

Judgements and Estimates

In the process of applying the Company's accounting policies, the Directors are required to make certain judgements, estimates and assumptions that it believes are reasonable based on the information available. Judgements about how the Company has applied an accounting policy could have a significant effect on amounts recognised in the financial statements. Assumptions or other sources of estimation uncertainty (including judgements about estimations) have a significant risk of a material adjustment to carrying values in the next financial year.

The Directors consider the significant judgements made in the application of these accounting policies to be as follows:

Accounting for the Thames Tideway Tunnel as a Finance Lease

The judgement to account for the Thames Tideway Tunnel as a finance lease means that during the construction period of the project, the tunnel is accounted for as an asset under construction, with expenditure on the asset capitalised in the Statement of Financial Position. Following Systems Acceptance, which is when Thames Water accepts the tunnel asset, the asset under construction will be de-recognised and a finance lease receivable will be recognised by the Company. In determining the appropriate accounting treatment one of the key questions was establishing which party has control over the asset. The applicability of both IFRS 16 'determining whether an arrangement contains a lease' and IFRIC 12 'service concession arrangements' were considered. It was concluded that the tunnel arrangements were outside the scope of IFRIC 12 and as the Company controls the asset the arrangements fall within the scope of IFRS 16. Consequently, the accounting policies applied to these financial statements reflect this arrangement.

The Directors consider the assumptions or other sources of uncertainty with a risk of material adjustment to the carrying amounts in the next year are as follows:

Capitalised Costs/Creditors

The Company has a substantial capital programme and therefore incurs significant annual expenditure in relation to the construction of the Thames Tideway Tunnel asset. All costs incurred are capitalised as assets under construction, this includes assessment of any pain/gain and/or compensation events accrued under the contract. Due to the significance of these costs and their materiality in the context of the financial statements, the Directors need to ensure their completeness, existence and validity is appropriately monitored, controlled and recorded.

Capitalised Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction, or production of a qualifying asset form part of the cost of that asset. The borrowing costs that are capitalised into the asset under construction are those that would otherwise have been avoided if the expenditure on the Thames Tideway Tunnel has not been made. Included within our capitalised borrowing costs are accretion on the index-linked swaps and payments and accruals of interest on these swaps. This is based on the principle that borrowing costs should include these costs that could have been avoided if expenditure on the Thames Tideway Tunnel had not been made. The methodology used to calculate the accrued accretion on the inflation linked swaps is consistent with our approach to calculating accretion on our contractually arranged index-linked debt, i.e. it is calculated based on the forecast inflation figure as of the next interest payment date.

For borrowing costs that are capitalised into the asset under construction, please refer to note 4 to the financial statements.

Going Concern

After considering the current financial projections and facilities available, and through modelling plausible and severe sensitivities, the Directors of the Company are satisfied that the Company has sufficient resources for its operational needs and will remain in compliance with relevant financing covenants for the next 12 months from the date of approving these financial statements. Further to this, the Directors have assessed the Company's viability over the period to 2032 within the Long-Term Viability Statement section of this Annual Report.

Cash flow forecasts modelled included current, plausible downside and severe downside cost scenarios. The current scenario is consistent with our estimate at completion (EAC) of £4,588m. For our plausible downside scenario, we modelled an increase in the remaining costs to complete, taking the total to £4,643m. We consider a severe downside case to be a 53% increase in the remaining costs to complete, which equates to a total cost of £4,693m. Under the current, plausible and severe downside scenarios the group continues to have sufficient liquidity and is in compliance with covenants throughout the going concern period.

At 31 March 2025, the Company had total liquidity of £409.9m, comprising £249.9m of unrestricted cash and short-term deposits and the £160.0m undrawn RCF. This, combined with expected revenue collections, provides liquidity significantly in excess of our 12-month target.

Consequently, the Directors are satisfied that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Property, Plant and Equipment

Property, plant and equipment comprises assets under the course of construction and right-of-use assets.

Assets Under Construction – Recognition and Measurement

Additions to assets under construction represent the capitalised costs of project expenditure by the Company.

The construction phase of the Thames Tideway Tunnel project commenced in 2015 and is expected to be completed at System Acceptance (refer to key project dates as outlined in the Strategic report). During the construction phase of the project, expenditure which is directly attributable to bringing the Thames Tideway Tunnel asset into its working condition for its intended use will be capitalised within assets under construction.

The Directors consider all expenditure in the year ended 31 March 2025 to have met the capitalisation criteria.

Asset under construction are measured at cost less any accumulated impairment losses.

Land and property acquired for the Thames Tideway Tunnel project by Thames Water is not included in the Statement of Financial Position because the economic benefit of such assets is retained by Thames Water.

Assets Under Construction – Depreciation

Assets under construction are not depreciated.

Lease Accounting – Lessee

Right-of-use Assets and Lease Liability – Recognition and Measurement

The Company assesses whether its leases are within scope of IFRS 16 using the single recognition model for lessees and applies practical expedients available under the standard. If the Company concludes that a lease is within scope and not excluded via practical expedients, the Company recognises a right-of-use (ROU) asset and a lease liability at lease commencement date.

The ROU asset is initially measured at cost and subsequently depreciated over the lease term. The lease liability is measured at the present value of the outstanding lease payments at commencement date, discounted using either the implicit interest rate in the lease or the Company's incremental borrowing rate if the interest rate cannot be easily determined from the lease.

The Company applies the following practical expedients under IFRS 16:

- The same discount rate to all property leases as they share similar characteristics;
- Excludes short-term leases with lease terms of less than 12 months;
- Excludes leases of identifiable low-value assets from consideration; and
- The Company separated non-lease components being services charges from lease components (i.e. rental charges) for property leases.

Right-of-use Assets – Depreciation and Interest Costs on Lease Liability

The ROU assets, being the Company's property leases, are being depreciated over their lease terms.

The Company incurs interest costs calculated periodically on the outstanding lease liabilities on these property leases.

Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time that those assets are ready for their intended use. A qualifying asset is defined as an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. A substantial period of time is interpreted as being greater than one year. The borrowing costs that are capitalised are those that would otherwise have been avoided if the expenditure on the Thames Tideway Tunnel had not been made. Borrowing costs that have been capitalised within Property, Plant and Equipment are included within "Asset under Construction" in note 6 to the financial statements. For the details of finance costs for the year, please refer to note 4 to the financial statements.

Impairment

The carrying value of the Company's asset under construction is reviewed at each reporting date to determine whether there is objective evidence the asset is impaired by reference to its recoverable amount. The recoverable amount of the asset is deemed to be the Company's RCV and the regulated return that is generated from that.

Financial Statements

Notes to the Financial Statements

For non-financial assets, the Company reviews the individual carrying amount of those assets to determine whether there is any indication of impairment in those assets. If any such impairment exists, the recoverable amount of the asset is calculated in order to determine the extent of any impairment loss.

Financial assets under IFRS 9 are assessed under the forward looking 'expected loss model' at each reporting date to determine whether there are impairment losses.

Any impairment losses are recognised in the Income Statement.

Revenue

The Company's billable revenue for each financial year is determined by arrangements set out in its licence granted by Ofwat. During the construction period of the Thames Tideway Tunnel the primary component of billable revenue is the regulated return on the Company's RCV. The Company's Allowed Revenue is notified to Thames Water, which bills and collects this revenue from its wastewater customers and passes this through to the Company. Through the construction period, billed revenue is deferred as the services associated with this revenue have not satisfied all the conditions of the five-step revenue recognition model under IFRS 15. Therefore, revenue will be recognised at the point that all conditions are satisfied which will not be until System Acceptance. Revenue is accrued in the period it has been earned, if it has not been invoiced by the Company to Thames Water. Revenues that have been invoiced and collected from Thames Water are treated as an advance payment liability.

Invoiced revenues reflect the actual cash collected by Thames Water from its customers.

Employee Benefits

Defined Contribution Pension Plans

A defined pension contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised in the period during which services are rendered by employees.

Other Employee Benefits

Other short and long-term employee benefits are measured on an undiscounted basis and are recognised over the period in which they accrue.

Provisions

A provision is recognised in the Statement of Financial Position when the Company has a present legal or contractual obligation as a result of a past event that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Any provisions recognised by the

Company are recorded at management's best estimate of the consideration required to settle the obligation at the Statement of Financial Position date.

Financial Instruments

The Company determines the classification of financial instruments at initial recognition and re-evaluates this designation at each financial year end. The initial and subsequent measurement of financial instruments depends on their classification as follows:

Trade and Other Receivables

Trade and other receivables that do not have a significant financing component are classified as amortised cost under IFRS 9; initially recognised at their transaction price, rather than at fair value. Subsequent to initial recognition they are measured at amortised cost and any expected credit loss impairments or reversals are recognised through profit or loss.

Trade and Other Payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and in hand balances and deposits with a maturity at acquisition of three months or less. Cash equivalents are readily convertible to a known amount of cash and subject to an insignificant risk of change in value.

Short-term cash deposits disclosed in the Statement of Financial Position comprise cash deposited with a maturity of greater than three months on acquisition, a fixed interest rate and which do not constitute cash equivalents under IAS 7 'Statement of cash flows'.

Borrowings

Borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, borrowings are stated at amortised cost. Any difference between the proceeds received (net of transaction costs) and the redemption value is recognised in the Income Statement over the period of the borrowings using the effective interest method.

Derivative Financial Instruments

The Company has entered into index-linked swaps to manage its exposure to inflation linked rate risk. Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the Statement of Financial Position date.

The resulting gain or loss is recognised immediately in the Income Statement unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the Income Statement depends on the nature of the hedge relationship. The Company has not designated any derivatives within hedging relationships and therefore has not applied hedge accounting.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Where a portion of a derivative financial liability cannot be deferred for at least 12 months after the balance sheet date, that portion is presented as a current liability; with the balance being presented as a non-current liability. Where a portion of a derivative financial asset is expected to be realised within 12 months of the balance sheet date, that portion is presented as a current asset; with the balance of the financial asset being shown as a non-current asset.

In addition, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety. Further details of the derivative financial instruments, fair values, valuation technique and fair value hierarchy level are disclosed in note 11 to the financial statements.

Fair Value Measurements

The fair value of financial instruments represents the price that would be received to sell an asset or paid to transfer a liability between informed and willing parties, other than in a forced or liquidation sale at the measurement date.

The valuation techniques for determining the fair values of financial instruments are classified under the hierarchy defined in IFRS 13 which categorises inputs to valuation techniques into Levels 1-3 based on the degree to which the fair value is observable.

- **Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities
- **Level 2:** inputs other than quoted prices included for Level 1, that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- **Level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs)

If the inputs used to measure the fair value of an asset or liability are categorised across different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the Income Statement except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the Statement of Financial Position date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets and liabilities are disclosed net to the extent that they relate to taxes levied by the same tax authority and the Company has the right of set off.

New Accounting Standards and Future Changes

The Company has adopted the following new or amendments to accounting standards during the financial year:

- Amendments to IAS 1 – Classification of Liabilities as Current or Non-current; and
- Amendments to IFRS 16 – Leases.

The above amendments did not have any material effect on the Company at adoption.

At the date of authorisation of these financial statements, there were certain new or revised IFRS's that will be applicable in future years, but the Company does not expect any material impact on the Company's Financial Statements at future adoption. These new or revised IFRS's are noted below:

- Amendments to IFRS 9 & IFRS 7 – Classification and Measurement of Financial Instruments; and IFRS 18 Presentation and Disclosure in Financial Statements.

The Company has decided not to early adopt any accounting standards or amendments.

2 AUDITORS' REMUNERATION

	2025 £'000	2024 £'000
Audit services		
Statutory audit – company	318	303
Audit related assurance services		
Regulatory audit services provided by the statutory auditors	21	20
Other non-audit services		
Other non-audit services	33	33
	372	**356**

All of these fees have been capitalised in both financial years.

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3 EMPLOYEE COSTS

The monthly average number of persons employed by the Company (including directors) during the year was 84 (2024: 97). The aggregate employment costs of these persons were as follows:

	2025 £m	2024 £m
Wages and salaries	14.1	15.9
Termination benefits	1.0	0.4
Social security costs	1.9	2.8
Contributions to defined contribution pension plan	0.5	0.5
	17.5	19.6
Capitalised into asset under construction	(17.5)	(19.6)
	–	–

Director's remuneration is disclosed within the Remuneration Report section of this Annual Report page 52. The Company operates a single defined contribution pension plan which is open to all employees of the Company.

4 FINANCE INCOME AND COSTS

	2025 £m	2024 £m
Finance income		
Interest income	(16.5)	(19.8)
Capitalised finance income into asset under construction	16.5	19.8
Finance income	–	–
Finance costs		
Interest expense on borrowings†	214.9	188.0
Interest expense on lease liabilities	–	–
Financing fees	6.0	2.0
	220.9	190.0
Capitalised finance cost into asset under construction	(220.9)	(190.0)
Net finance costs	–	–
Financial instruments at fair value through profit or loss		
Fair value gain on Index linked swaps	(3.5)	(14.5)
Interest and accretion (income)/expenses on Index linked swaps	(11.7)	44.0
Net (gains)/losses on financial instruments at fair value through profit or loss	(15.2)	29.5
Capitalised interest and accretion income/(expenses) on index linked swaps into asset under construction	11.7	(44.0)
Gains on financial instruments	**(3.5)**	**(14.5)**

† Includes accretion costs on index-linked borrowings of £61.7m for the 12-month period to 31 March 2025 (2024: £83.7m).

5 TAXATION

	2025 £m	2024 £m
Total current tax	–	–
Total Income Statement tax expense	**–**	**–**

The Company's effective tax rate for the year ended 31 March 2025 is 0% (2024: 0%) which is 25% lower than (2024: 25% lower than) the standard rate of corporation tax in the UK due to the items shown below.

Reconciliation of Effective Tax Rate

	2025 £m	2024 £m
Profit before tax	3.5	14.5
Expected tax charge using UK corporation tax rate of 25% (2024: 25%)	(0.9)	(3.6)
Items not taxable[1]	0.9	3.6
Total Income Statement tax expense	**–**	**–**

[1] Items not taxable solely relate to fair value movements on the Company's derivative liabilities which are disregarded for current tax purposes.

Deferred Tax

	Carried forward interest expense £m	Tax losses £m	Financial instruments £m	Total £m
Potential deferred tax assets/(liabilities) at 1 April 2024	*4.9*	11.4	(16.3)	–
Potential credit/(charge) to income statement	*12.3*	(11.4)	(0.9)	–
Potential deferred tax assets/(liabilities) at 31 March 2025	*17.2*	–	(17.2)	–

Unrecognised Deferred Tax Assets

As at the Statement of Financial Position date, there is an unrecognised deferred tax asset of £307.6m on gross temporary differences of £1,230.2m (2024: £261.8m deferred tax asset on gross temporary differences of £1,047.1m). The temporary differences do not expire and are made up as follows:

Gross Unrecognised Temporary Differences

	2025 £m	2024 £m
Trade losses	52.2	4.5
Aggregate disallowed net interest expense (post 1 April 2017)	1,178.0	1,042.6
Total	**1,230.2**	**1,047.1**

These deferred tax assets have not been recognised due to uncertainty around their future utilisation. Management continues to review objectively verifiable information in order to determine whether there will be probable forecast taxable profits against which these assets could be utilised. This review is being carried out alongside with the assessment on the accounting of Thames Tideway Tunnel under IFRS and the determination of charging basis on corporation tax when such accounting is adopted. If in a future period sufficient certainty can be obtained over such forecast taxable profits, a portion, or all of the deferred tax asset could be subject to recognition.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse using tax rates enacted or substantively enacted at the reporting date. The deferred tax assets above have been calculated with regards to the Company's tax position based on the future tax rate of 25%.

6 PROPERTY, PLANT AND EQUIPMENT

	Right-of-use (ROU) assets £m	Asset under construction £m	Total £m
Cost			
At 1 April 2024	2.1	5,400.7	5,402.8
Additions	–	372.2	372.2
Disposals	(1.1)	–	(1.1)
Balance at 31 March 2025	1.0	5,772.9	5,773.9
Accumulated depreciation			
At 1 April 2024	(1.0)	–	(1.0)
Depreciation charge	(0.6)	–	(0.6)
Disposals	0.9	–	0.9
Balance at 31 March 2025	(0.7)	–	(0.7)
Net book value			
Net book value at 31 March 2025	**0.3**	**5,772.9**	**5,773.2**
Net book value at 31 March 2024	**1.1**	**5,400.7**	**5,401.8**

Asset Under Construction

During the construction phase of the project which commenced in 2015 and which will be completed at System Acceptance, all expenditure which is directly attributable to bringing the Thames Tideway Tunnel asset into its working condition for its intended use will be capitalised. All expenditure, excluding fair value movements in the Income Statement, is considered to have met this requirement in the year ended 31 March 2025.

The amount of borrowing costs capitalised during the year was £203.2m (2024: £232.0m) with a capitalisation rate of 100%. Included within this borrowing costs capitalised during the year is accrued accretion income on index linked swaps of £11.7m (2024: accretion expenses of £44.0m) on the basis that this income/cost would have been avoided if the expenditure on the Thames Tideway Tunnel had not been made. The cumulative total of finance interest and expense costs capitalised project to date at 31 March 2025 was £1,349.4m (2024: £1,156.7m).

Right-of-use Assets

During the year, the Company early terminated and disposed of one of its property leases.

The remaining right-to-use asset is being depreciated over the lease terms on the Company's property lease under IFRS 16.

7 TRADE AND OTHER RECEIVABLES

	2025 £m	2024 £m
Trade receivables	11.5	9.1
Intra-group loans receivable (see note 14)	1.8	23.4
Accrued income	11.0	22.1
Other receivables	3.1	7.6
Prepayments	10.5	28.6
	37.9	**90.8**
Non-current assets	**4.5**	**20.9**
Current assets	**33.4**	**69.9**

Accrued income of £11.0m (2024: £22.1m) relates to cumulative revenue earned on the project to date that has not been invoiced to Thames Water as at the Statement of Financial Position date. Prepayments include £6.7m (2024: £10.4m) in relation to the Government Support Package and £1.1m (2024: £1.3m) in relation to insurance contracts and £2.7m (2024: £16.3m) financing related costs.

The Company's non-current assets represent £2.7m (2024: £20.8m) of prepayments and £1.8m (2024: £0.1m) of intra-group loans receivable at 31 March 2025. The intra-group loans receivable is unsecured, bears annual interest at SONIA plus 78bps and repayable in 2030. The table below analyse the Company's non-current assets at 31 March 2025 into recovery maturity groupings based on the remaining periods up to their expected future recovered date.

	2025 £m	2024 £m
Between one and two years	2.7	1.5
Between two and five years	1.8	9.1
More than 5 years	–	10.3
Total	**4.5**	**20.9**

8 CASH AND CASH EQUIVALENTS

	2025 £m	2024 £m
Cash and bank balances	15.9	43.6
Cash equivalents	96.0	124.1
Cash and cash equivalents per cash flows statement	**111.9**	**167.7**

Cash equivalents comprise deposits and investments in money market funds with an original maturity of three months or less. The carrying value of cash and cash equivalents approximates their fair value. Short-term deposits with a maturity of greater than three months are shown separately on the Statement of Financial Position. At the Statement of Financial Position date these totalled £145.0m (2024: £230.0m).

The Company also holds a Special Purpose Account for receiving insurance claim proceeds. The cash value in the Special Purpose Account was £0.2m at 31 March 2025 (2024: £nil).

Restricted Cash

The Company has an obligation to maintain a Liquidity Required Amount as defined in the Masters Definition Agreement (MDA), a CTA requirement, in the form of committed Liquidity Facilities and amounts standing to the credit of the Debt Service Reserve Account ("DSRA").

The Company holds a Debt Service Reserve Account to maintain committed liquidity facilities with regards to the prospective financing cost payments for a period of 12 months from the Statement of Financial Position date. During the current year, the Company, together with its sister company Bazalgette Finance plc, secured a £75m Liquidity Facility to cover the Liquidity Required Amount under the CTA requirement. As at 31 March 2025, the Liquidity Required Amount exceeded the size of the Liquidity Facility attributable to the Company and therefore a further top-up to DSRA is required. The restricted cash value in the DSRA was £7.0m as at 31 March 2025 (2024: £21.4m). This, combined with the committed Liquidity Facility, is sufficient to cover the next 12 months of financing cost payments.

9 TRADE AND OTHER PAYABLES

	2025 £m	2024 £m
Trade payables	9.1	2.1
Contract retentions payable	11.4	8.8
Accrued expenses	51.3	95.6
Accrued intra-group expenses (see note 14)	4.8	5.0
Deferred income	20.5	29.7
Advance payment liability	612.6	484.5
	709.7	**625.7**
Non-current liabilities	**624.3**	**496.4**
Current liabilities	**85.4**	**129.3**

The advance payment liability represents deferred revenue that has been invoiced to and settled by Thames Water. This revenue is deferred until System Acceptance as the services associated with the revenue will not be delivered until this time. The deferred income of £20.5m (2024: £29.7m) represents the cumulative balance on the project to date of revenue accrued and revenue invoiced to Thames Water, less the revenue that has been settled by Thames Water at the Statement of Financial Position date.

The accrued intra-group expenses of £4.8m (2024: 5.0m) represents interest payable on intra-group loans. The balance is unsecured, interest-free and has no fixed terms of repayment.

The table below analyses the Company's non-current liabilities at 31 March 2025 and 31 March 2024 into relevant maturity groupings based on the remaining periods up to their future payable date.

	2025 £m	2024 £m
Between one and two years	615.0	3.0
Between two and five years	9.3	493.4
More than 5 years	–	–
Total	**624.3**	**496.4**

10 BORROWINGS

The Group raises finance under a multi-currency financing platform in both loan and bond formats. The Company borrows financing directly in loan format.

The Company's sister company, Bazalgette Finance plc, operates with the sole purpose of raising finance through a multi-currency bond platform for the purposes of the Company's licenced activities. The proceeds from bonds issued under this platform are on-lent to the Company through a series of back-to-back loans which have the same economic terms and effectively pass the financing arrangements of the external debt held by Bazalgette Finance plc to the Company.

Where Bazalgette Finance plc previously issued bonds with deferred draw down dates, the proceeds from these bonds were only passed to the Company when the proceeds were received from the bond purchaser on the subsequent settlement dates.

All deferred bonds have now been fully drawn down.

This note provides information about the Company's borrowings, which are measured at amortised cost. Issue costs for all intra-group borrowings have been borne by the Company.

Intra-group borrowings	2025 £m	2024 £m
£250m 2.375% fixed-rate bond 2027 [a]	249.2	248.9
£75m 0.828% index-linked bond 2047 [a, d, e]	98.7	96.3
£200m 0.740% index-linked bond 2042 [a, d, f]	235.1	229.5
£100m 0.688% index-linked bond 2050 [a, d]	141.5	136.4
£100m 0.755% index-linked bond 2051 [a, d]	137.3	132.4
£100m 0.249% index-linked bond 2040 [a, d, g]	139.0	134.0
£125m 0.192% index-linked bond 2049 [a, d, h]	182.0	175.6
£25m 1.035% index-linked bond 2048 [a, d, i]	33.8	32.5
£25m 0.951% index-linked bond 2054 [a, d, j]	33.8	32.5
£50m 0.787% index-linked bond 2052 [a, d]	67.5	65.1
£25m 1.042% index-linked bond 2048 [a, d, i]	33.0	31.9
£25m 0.954% index-linked bond 2054 [a, d, j]	33.0	31.9
£75m 0.010% index-linked bond 2036 [a, d]	104.6	101.8
£300m 2.750% fixed-rate bond 2034 [a]	299.0	298.9
£150m 0.010% index-linked bond 2032 [a, d]	184.9	178.6
£75m 0.949% index-linked bond 2052 [a, d, n]	87.5	85.3
£50m 0.074% index-linked bond 2049 [a, d, o]	70.9	68.4
£50m 0.174 index-linked bond 2049 [a, d, o]	70.9	68.4
Shareholder loan notes 8.000% fixed rate 2064 [b]	972.6	922.7
Third party borrowings		
£300m 2.860% fixed-rate loan 2032 [c]	300.0	300.0
£100m 0.010% index-linked loan 2049 [d, k]	135.3	130.7
£75m 2.418% fixed-rate loan 2041	75.0	75.0
£700m (£620m Sonia+1.094% floating-rate, £80m index-linked+0.010% loan 2051 [d]) [l, m]	717.6	714.1
£50m 6.020% fixed rate loan note 2033	50.0	50.0
£150m 6.050% fixed rate loan note 2035	150.0	150.0
£50m 6.110% fixed rate loan note 2038	50.0	50.0
	4,652.2	**4,540.9**
Less: unamortised debt issue costs	(7.7)	–
Total borrowings	**4,644.5**	**4,540.9**
Current liabilities	**27.5**	**–**
Non-current liabilities	**4,617.0**	**4,540.9**

a) Borrowing from Bazalgette Finance plc
b) Borrowing from Bazalgette Holdings Limited
c) The Company has entered into swap agreements that convert £70.0m of this debt into index-linked debt
d) The value of the capital and interest elements of these index-linked bonds and loans are linked to movements in either the Consumer Price Index (CPI) or Retail Price Index (RPI)
e) This debt amortises (requires repayment of debt accretion) from 2038
f) This debt amortises from 2033 and contains a collar mechanism that limits total accretion repayment within a predetermined range
g) This debt amortises from 2036
h) This debt amortises from 2045
i) This debt amortises from 2044
j) This debt amortises from 2050
k) This debt amortises from 2040
l) The Company has entered into swap agreements that convert £620.0m of this debt into index-linked debt
m) This debt amortises from 2025
n) This debt amortises from 2042
o) This debt amortises from 2034

Deferred Purchase Bonds

There were no deferred bond drawn down during the year ended 31 March 2025 (2024: bond proceeds of £65.7m were drawn down with bond maturities of 2049).

11 FINANCIAL INSTRUMENTS

The carrying values of the financial assets and liabilities of the Company are as follows:

Financial Assets

	2025 £m	2024 £m
Financial assets at amortised costs		
Trade and other receivables	27.4	62.2
Cash and cash equivalents	111.9	167.7
Short-term deposits	145.0	230.0
Total	**284.3**	**459.9**

Trade and other receivables above exclude prepayments. Trade and other receivables are classified and measured at amortised cost under IFRS 9. Impairment of these assets as assessed under the simplified expected credit loss model was immaterial at 31 March 2025 and at 31 March 2024, and therefore not recognised within the year.

Financial Liabilities

	2025 £m	2024 £m
Financial liabilities at fair value through profit and loss		
Derivative financial instruments – Current	8.5	1.5
Derivative financial instruments – Non-current	126.8	146.5
Other financial liabilities		
Trade and other payables	76.6	111.5
Lease liabilities	0.1	0.8
Borrowings – Current	27.5	–
Borrowings – Non-current	4,617.0	4,540.9
Total	**4,856.5**	**4,801.2**

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Fair Value Measurements

The fair value of financial instruments represents the price that would be received to sell an asset or paid to transfer a liability between informed and willing parties, other than in a forced or liquidation sale at the measurement date.

The fair values of financial instruments and a comparison to their carrying value is shown in the table on the following page. The Company has not disclosed the fair values for cash and cash equivalents, short-term deposits, trade receivables and trade payables as their carrying amounts are a reasonable approximation of the fair value.

	2025		2024	
	Book value £m	Fair value £m	Book value £m	Fair value £m
Financial liabilities at amortised cost: Non-current				
Borrowings – fixed-rate sterling loans	(1,597.7)	(1,473.8)	(1,547.7)	(1,789.8)
Borrowings – fixed-rate sterling bonds	(548.8)	(474.0)	(547.8)	(476.0)
Borrowings – index-linked sterling bonds and loans	(1,877.6)	(1,172.2)	(1,825.4)	(1,291.8)
Borrowings – floating-rate sterling loans	(592.9)	(539.9)	(620.0)	(593.6)
Financial liabilities at amortised cost: Current				
Borrowings – index-linked sterling bonds and loans	(3.7)	(3.7)	–	–
Borrowings – floating-rate sterling loans	(23.8)	(55.4)	–	–
Financial Liabilities at fair value through profit and loss: Non-current				
Derivatives – index-linked swaps	(126.8)	(126.8)	(146.5)	(146.5)
Financial Liabilities at fair value through profit and loss: Current				
Derivatives – index-linked swaps	(8.5)	(8.5)	(1.5)	(1.5)
Total	**(4,779.8)**	**(3,854.3)**	**(4,688.9)**	**(4,299.2)**

Financial Liabilities at Amortised Cost

Borrowings include index-linked bonds and loans, fixed-rate bonds, floating-rate loans and fixed-rate loans. The fair value of borrowings is determined using observable quoted market prices where this is available or by discounting the expected future cashflows using appropriate available market data and a credit risk adjustment representative of the Company.

The Group discloses the fair value of its borrowings based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety. The Group considers the fair value measurement of all its borrowings to fall within Level 2, as the calculation of the estimated fair value is based on market data inputs which are observable directly or indirectly.

Financial Instruments at Fair Value Through Profit and Loss

The Company's index-linked swaps are measured at fair value through profit and loss. Where an active market exists, swaps are recorded at fair value using quoted market prices. Otherwise, they are valued using a net present value model. As there is no quoted market price, the fair value of each swap is calculated as the net present value of the expected future cash flow associated with each leg of the swap, discounted to the reporting date using market rates and adjusted for credit risk. Estimates of future cash flows are based on well-defined and traded market references.

The Company considers all its derivative financial instruments to fall within Level 2 as the calculation of the estimated fair value is based on market data inputs which are observable directly or indirectly. The calculation does include unobservable inputs with regards to the determination of credit risk for the Company but these are not considered significant to the valuation.

The table below sets out the valuation basis of financial instruments held at fair value at 31 March:

	2025 Level 2 £m	2024 Level 2 £m
Financial instruments at fair value		
Derivative financial liabilities – Index-linked swaps*	(135.3)	(148.0)
	(135.3)	**(148.0)**

Capital Risk Management

The Company's principal objectives in managing capital are:

- Safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders,
- Maintain an optimal capital structure to reduce the cost of capital,
- To finance the Company while minimising risk – Tideway will adopt a low risk financing strategy. The Company will maintain at all times a robust investment grade credit rating;
- Minimise financing risk through pre-funding, management of maturities and interest rate risk;
- Financing will be a mix of some or all of commercial bank debt, bonds (public and private), EIB loans, lease financing and other instruments. Financing could be raised on a real/or nominal basis;
- The Company's weighted average cost of capital will be minimised by reducing risk, including interest rate, inflation, credit spread, maturity risk, liquidity and currency risk;
- Hedging and pre-financing may be used to reduce risk. The Company will not engage in speculative treasury activity; and
- The Company will manage its financing activities in compliance with the constraints imposed by the Government Support Package, financing documents and the Company's Licence.

The Company seeks to maintain a low risk financing position by preserving the investment grade Baa1 (Moody's)/BBB+ (Fitch) credit ratings. These credit ratings were unchanged in the year, with both Moody's and Fitch maintaining a stable outlook. The Company monitors financial covenants on a regular basis, taking into consideration risk, financing, legal and regulatory constraints and optimal level of execution within the capital structure.

The Company monitors capital on the basis of the following gearing ratio:

- Net Debt divided by Adjusted RCV.

During the year to 31 March 2025, the Company's strategy, which was unchanged from prior years, was to maintain a gearing ratio of less than 70% and the gearing ratios at 31 March 2025 and 31 March 2024 were as follows:

	2025 £m	2024 £m
Net Debt **	3,626.7	3,456.3
Adjusted RCV **	5,333.0	5,029.9
Gearing %	**68.0%**	**68.7%**

The Company's gearing level remains in line with the Company's capital management strategy and is fully compliant with the financing arrangements.

The Company's revolving credit facility (RCF) maturing in 2027 of £160.0m remained undrawn at the Statement of Financial position date (2024: £nil draw down).

During the current year, the Company, together with its sister company Bazalgette Finance plc, secured a Liquidity Facility (LF) of £75m that is designed, in combination with the Debt Service Reserve Accounts (DSRA) to cover the Liquidity required amount as this is defined in the CTA. The LF is split between the Company and Bazalgette Finance plc and is undrawn at the Statement of Financial position date (2024: £nil draw down).

The Company raised borrowings of £nil during the year (2024: £250.0m). The Company's sister company Bazalgette Finance plc did not issue any bonds during the year (2024: £nil) and the total bond issuance continues to stand at £1,831.7m (2024: £1,831.7m).

Management of Financial Risk

The Treasury team, which reports directly to the CFO, substantially manages the Company's financing, including debt, cash management and interest costs for the Company on a day to day basis. The Audit and Finance Committee, which is chaired by a non-executive director (see Corporate Governance report) reviews and reports to the Board on the Company's treasury policy, treasury strategies and financing strategy. The Company also has an executive level Funding and Financing Committee, chaired by the CFO, which considers financial, treasury, compliance, tax and regulatory matters in detail on a monthly basis.

The Company's management of specific financial risks is dealt with as follows:

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to fund on a timely basis its capital expenditure programme or service its debt. At 31 March 2025, the Company had total liquidity of £409.9m, comprising £249.9m of unrestricted cash and short-term deposits and the £160.0m undrawn RCF. This, combined with expected revenue collections, provides 21 months of liquidity, including the RCF, which is significantly in excess of our 12-month target.

The Secretary of State for Environment, Food and Rural Affairs, through the Government Support Package, has committed to provide certain contingent financial support during the construction period. Such support is available in exceptional circumstances and includes the Market Disruption Facility providing the Company with a debt facility of up to £500m, for use where it is unable to issue debt in the debt capital markets as a result of market disruption.

The following tables analyse the Company's interest-bearing borrowings (including shareholder loan notes) and net-settled derivative financial instruments into relevant maturity groupings based on the remaining period at the Statement of Financial position date. The amounts disclosed in the table are the contractual undiscounted cash flows including interest payable and accretion.

	2025 £m	2024 £m
Borrowings		
Within one year	(185.7)	(158.3)
Between one and two years	(183.2)	(152.3)
Between two and five years	(784.1)	(686.4)
More than 5 years	(8,798.1)	(8,393.2)
Total	**(9,951.1)**	**(9,390.2)**
Derivative financial instruments		
Within one year	29.9	42.3
Between one and two years	25.3	28.3
Between two and five years	(73.3)	60.0
More than 5 years	(177.4)	(355.7)
Total	**(195.5)**	**(225.1)**

For the maturity profile of financial instruments recognised as liabilities, other than borrowings and derivative financial instruments, refer to note 9 to the financial statements.

* *Accrued Accretion on index-linked swaps at 31 March 2025 was £209.2m liability (2024: £219.2m), which forms part of the overall fair value of the derivative financial instruments being presented above.*

** *As defined in the Company's Common Terms Agreement (CTA).*

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Credit Risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations.

Credit risk for the Company principally arises from trading (the supply of services) and treasury activities (the depositing of cash).

A default on a financial asset is when the counterparty fails to make contractual payments as per pre-agreed payment terms.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the company. The company categorises a loan or receivable for write off when a debtor fails to make contractual payments past due. Where loans or receivables have been written off, the company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

The Company's exposure to trading risk is predominantly with Thames Water which is the Company's only significant trading counterparty and who constitute the full outstanding balance of trade receivables at the Statement of Financial Position date. As part of its licenced activities, the Company generates an annual revenue return on its RCV, which it subsequently invoices to Thames Water periodically through the financial year. At any time the outstanding trade receivable balance is approximately one month's revenue collection and represents amounts already collected by Thames Water from its customers. The risk of Thames Water failing to pay Tideway's revenue is currently considered low. However, the Company's exposure to Thames Water is reviewed on a regular basis given Thames Water's current financial position and the potential scenario of a Special Administrator choosing not to pay an element of Tideway's revenue is also carefully assessed. This would not be consistent with Thames Water's licence and would be expected to lead to a breach and enforcement action.

Placements of cash on deposit expose the Company to credit risk against the counterparties concerned. A treasury policy on investment management strategy provides clear instrument limits for money market funds and money market deposits. The policy sets counterparty concentration and tenor limits through minimum credit rating requirements (as measured by reputable credit agencies).

At the Statement of Financial Position date there were no significant concentrations of credit risk.

The Company's maximum exposure to credit risk is the carrying amount of financial assets excluding the derivative financial assets and therefore the maximum exposure at 31 March 2025 was £284.3m (2024: £459.9m). Analysis of this amount can be found in the financial assets section of this note.

Market Risk – Interest Rate Risk

The Company's financing strategy defines long term objectives for the management of interest rate risk, in addition to compliance with the hedging policies contained in the Government Support Package, financing documentation and the Licence. These include, amongst other things, restrictions on over hedging and requirements as to the amount of the Company's debt which bears a fixed, floating or an index-linked rate of interest.

The Company's deferred revenue and operating cash flows are substantially independent of changes in market interest rates. All drawn debt at 31 March 2025 is either borrowed or hedged via swaps at fixed or index-linked rates. A sensitivity analysis has not been disclosed as the impact from interest rate movements is considered immaterial.

The finance costs of the Company's index-linked debt instruments and derivatives vary with changes in RPI and CPI rather than interest rates. These financial instruments form an economic hedge with the Company's revenues and RCV, which are also linked to RPI changes. The financing strategy involved issuing RPI and CPI linked debt to ensure that reductions in revenue due to low inflation will be partially offset by reductions in interest costs.

The Company continues to recognise the expected transition from RPI to CPIH from the next regulatory period starting in 2030 as the underlying measure of inflation for price control periods.

HM Treasury and the UK Statistic Authority have confirmed that RPI will be aligned with CPIH from February 2030, which aligns well with Ofwat's transition.

Inflation risk is monitored and reported monthly to the Funding and Financing Committee and subsequently to the Audit and Finance Committee.

The table below summarises the sensitivity at 31 March 2025 of the Company's profit and equity to changes in RPI for the Company's index-linked derivatives only. Given that all borrowing costs that are directly attributable to the construction of the TTT are capitalised into asset under construction, the sensitivity analysis excludes the Company's index-linked borrowings. This analysis also excludes any RPI impact on the Company's revenues and RCV. The fair value of the Company's index-linked derivatives is based on estimated future cash flows, discounted to the reporting date and these fair values will be impacted by an 1% increase or decrease in the year-on-year RPI inflation rate as shown in the table below. This analysis assumes all other variables remain constant.

	2025		2024	
	£m +1%	£m -1%	£m +1%	£m -1%
(Loss)/profit	(44.3)	42.4	(50.2)	52.9
Equity	(44.3)	42.4	(50.2)	52.9

This section sets out an analysis of net debt and movements in net debt for each of the years presented:

	Notes	2025 £m	2024 £m
Cash and Cash Equivalents	*8*	111.9	167.7
Borrowings (a) (b) & (c)	*10*	(4,652.2)	(4,540.9)
Lease Liabilities		(0.1)	(0.8)
Net Debt		**(4,540.4)**	**(4,374.0)**

(a) Borrowings includes the £972.6m Shareholder loan notes (2024: £922.7m) which is excluded in the Company's CTA Net Debt figures per the Financial Performance Review section of the Annual Report.

(b) Borrowings excludes £209.2m of accretion on index-linked swaps (2024: £219.2m) which are captured in Derivative Financial Instruments, however this accretion on index-linked swaps is included in the Company's CTA Net Debt Figures per the Financial Performance Review section of the Annual Report.

(c) Borrowings excludes £7.7m of unamortised debt issue costs which is excluded in the Company's CTA Net Debt figures per the Financial Performance Review section of the Annual Report.

		Financing Liabilities			Other Assets	
	Notes	Borrowings £m	Lease liabilities £m	Sub-total £m	Cash and Cash equivalents £m	Total £m
At 1 April 2023		**(4,055.2)**	**(1.4)**	**(4,056.6)**	**107.5**	**(3,196.1)**
Proceeds from new borrowings (Presented as cash flows from financing activities)		(315.7)	–	(315.7)	315.7	–
New leases Liabilities		–	(0.9)	(0.9)	–	(0.9)
Other Changes*						
Accretion interest expense on index-linked borrowings	*4*	(83.7)	–	(83.7)	–	(83.7)
Capitalised Interest on Shareholder Loan Notes	*10 & 14*	(86.6)	–	(86.6)	–	(86.6)
Bond premium/discount unwind		0.3	–	0.3	–	0.3
Lease liability payments (Presented as cash flows from financing activities)		–	1.5	1.5	(1.5)	–
Transfers to Short-term deposits (Presented as cash flows from investing activities)		–	–	–	(10.0)	(10.0)
Cash flows from operating activities (Presented as cash flows from operating activities)		–	–	–	115.8	115.8
Cash flows used in Construction of Infrastructure asset (Presented as cash flows used in investing activities)		–	–	–	(359.8)	(359.8)
At 31 March 2024 and 1 April 2024		**(4,540.9)**	**(0.8)**	**(4,541.7)**	**167.7**	**(4,374.0)**
Other Changes*						
Accretion interest expense on index-linked borrowings	*4*	(61.7)	–	(61.7)	–	(61.7)
Capitalised Interest on Shareholder Loan Notes	*10 & 14*	(49.9)	–	(49.9)	–	(49.9)
Bond premium/discount unwind		0.3	–	0.3	–	0.3
Lease liability payments (Presented as cash flows from financing activities)		–	0.5	0.5	(0.5)	–
Transfers to Short-term deposits (Presented as cash flows from investing activities)		–	–	–	85.0	85.0
Cash flows from operating activities (Presented as cash flows from operating activities)		–	–	–	90.2	90.2
Cash flows used in Construction of Infrastructure asset (Presented as cash flows from investing activities)		–	–	–	(252.9)	(252.9)
Repayment of loan from an intra-group company (Presented as cash flows from investing activities)		–	–	–	22.4	22.4
Others – interest on leases, termination of leases		–	0.2	0.2	–	0.2
At 31 March 2025		**(4,652.2)**	**(0.1)**	**(4,652.3)**	**111.9**	**(4,540.4)**

** Other changes include non-cash movements, including accretion interest expense on index-linked borrowing, capitalised interest on shareholder loan notes, bond premium/discount unwinds and early termination of leases during the year.*

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12 CAPITAL AND RESERVES

Called-up Share Capital

Allotted, called-up and fully paid ordinary shares of £1 each	Ordinary shares 2025 No.	Ordinary shares 2024 No.
At the beginning of the year	509,672,601	509,672,601
Issued for cash	–	–
At the end of the year	**509,672,601**	**509,672,601**

The holders of ordinary shares are entitled to receive distributions as declared from time to time and are entitled to vote at meetings of the Company in line with the details of the Shareholders agreement. Further information on the role of the shareholders is outlined in the Company's Governance section of the Annual Report.

Retained Earnings

	2025 £m	2024 £m
At the beginning of the year	65.2	50.7
Profit for the year	3.5	14.5
At the end of the year	**68.7**	**65.2**

13 CONTINGENT LIABILITIES

There are a number of uncertainties surrounding the Company including potential claims, which may affect the financial performance of the Company. Where claims are possible but not probable, or unquantifiable, such claims are treated as contingent liabilities. Contingent liabilities are not recognised in the Company Statement of Financial Position but are monitored to ensure that should a possible obligation become probable and a transfer of economic benefits to settle an obligation can be reliably measured, then a provision for the obligation is made. There were no contingent liabilities at the Statement of Financial Position date.

14 RELATED PARTIES

The Company's related party transactions throughout the current financial year were made on terms equivalent to those that prevail in arm's length transactions.

Amounts outstanding on borrowings from Bazalgette Holdings Limited were £972.6m of loan principal (2024: £922.7m) and £nil of interest (2024: £0.2m) at 31 March 2025. During the year, £49.9m (2024: £86.6m) of loan interest was capitalised back into the intercompany loan principal.

Bazalgette Holdings Limited deferred £nil (2024: £0.2m) of outstanding interest payable on the intercompany loan from the Company during the year.

Amounts outstanding on loans from Bazalgette Finance plc are £2,201.6m (2024: £2,148.4m) and interest outstanding on these loans totalled to £4.8m (2024: £4.8m).

During the year ended 31 March 2025, the Company paid £22.2m (2024: £21.9m) to Bazalgette Finance plc with regards to interest payments under its back to back loan terms.

Amounts outstanding on intra-group loans made to Bazalgette Holdings Limited and Bazalgette Finance plc are £61k (2024: £58k) and £1.8m (2024: £23.4m) at 31 March 2025. The intra-group loans carry a floating charge based on 6-month SONIA plus 78bps and a maturity of 2027 and 2030 respectively.

Key Management Personnel

Key management personnel comprise the directors of the Company. The remuneration of the directors is provided in the governance section of the Annual Report within committee reports, see the remuneration committee report, page 52.

15 ULTIMATE PARENT COMPANY AND PARENT COMPANY OF LARGER GROUP

The Company is a wholly owned subsidiary of Bazalgette Holdings Limited. The Company's ultimate controlling parent is Bazalgette Equity Limited which is also the largest group in which the Company is consolidated. The smallest group in which the Company is consolidated is Bazalgette Holdings Limited.

Copies of the consolidated financial statements for both the Bazalgette Holdings Limited and Bazalgette Equity Limited are available at ***www.tideway.london***

The registered office of both Bazalgette Equity Limited and Bazalgette Holdings Limited is 6th Floor, Blue Fin Building, 110 Southwark Street, London, SE1 0SU.

16 SUBSEQUENT EVENTS OCCURRING AFTER THE REPORTING DATE

No material events have occurred between the year-end date and the signing of these financial statements that would require the Company to adjust the financial statements or require disclosure in these financial statements.