



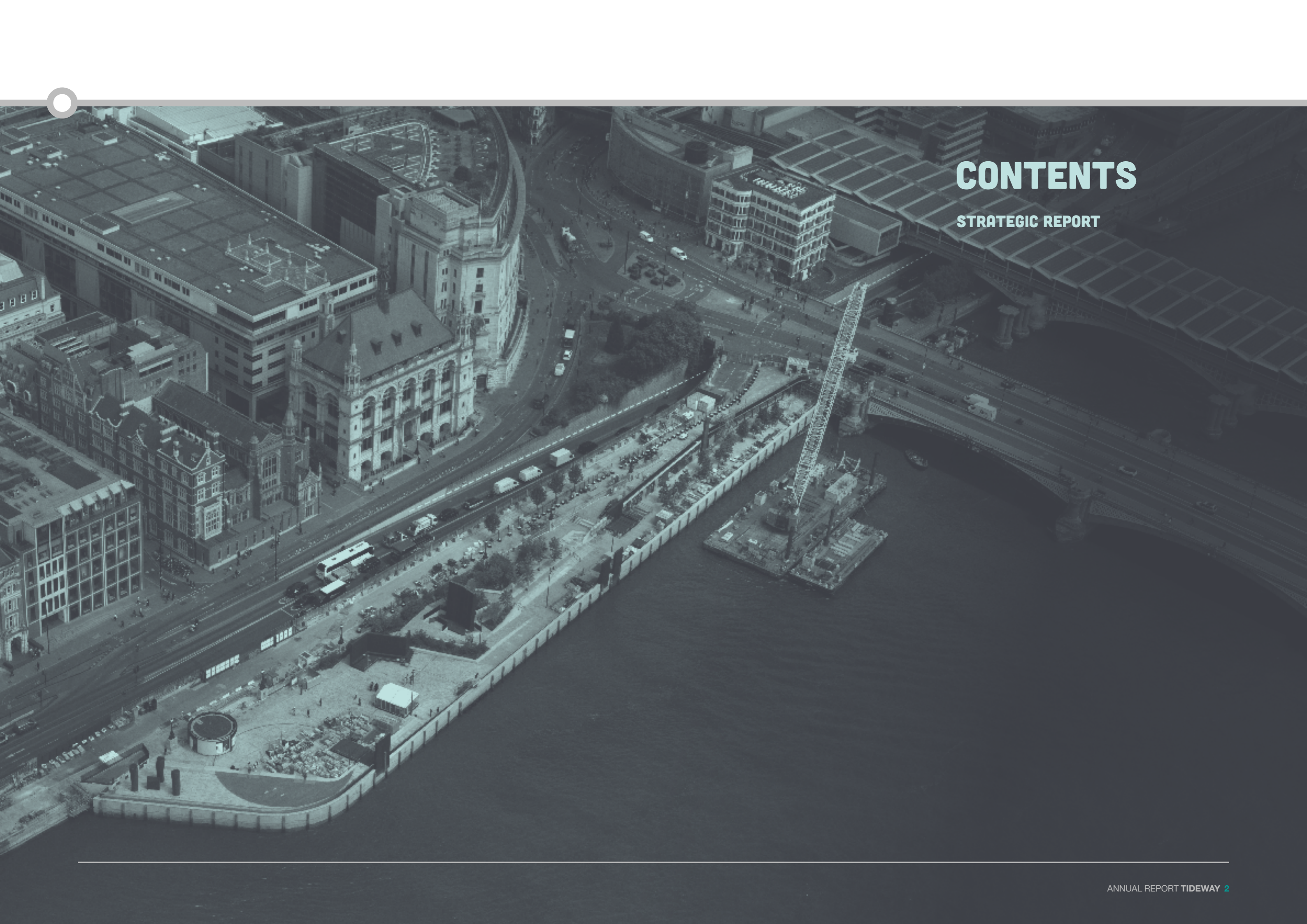
Tideway

RECONNECTING
LONDON

WITH THE
RIVER
THAMES

ANNUAL REPORT 2025/26





CONTENTS

STRATEGIC REPORT

WELCOME TO TIDEWAY'S ANNUAL REPORT AND ACCOUNTS FOR 2025/26.

Bazalgette Tunnel Limited, trading as 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. Our ambition extends far beyond constructing the 25km 'super sewer'; since activating the tunnel has already prevented over 20 million tonnes of sewage from polluting the River Thames and avoided over 1,000 spills to the river. We want to transform the river itself, leaving it cleaner and healthier and enhancing how Londoners experience and enjoy it.

The joy, opportunity and prosperity that a cleaner river will bring to Londoners will be Tideway's lasting legacy long after the project is complete.

STRATEGIC OBJECTIVE



SAFE, SUSTAINABLE ASSET MANAGEMENT

NO MAJOR INJURIES

During the year

OVER 20 MILLION TONNES OF SEWAGE CAPTURED

TUNNEL OPERATING AT FULL CAPACITY

from AUG 2025

2025 RICS INFRASTRUCTURE UK AWARD

Royal Institution of Chartered Surveyors (RICS)

HIGHLIGHTS



CONNECTED PEOPLE AND PARTNERS

12 OUT OF 13

public realm sites are now being enjoyed by Londoners

92% OF LEGACY COMMITMENTS ON TRACK OR ACHIEVED, WITH A MINIMUM OF £40 MILLION OF SOCIAL VALUE GENERATED

Gender Diversity at

53% FEMALE 47% MALE

(50/50 split on Senior Leadership Team)



RESILIENT FINANCE

BILL IMPACT WITHIN

£20 - £25 RANGE*

*2014/15 price

Company Credit Rating **Baa1/BBB+**

19 Months liquidity

IMPACT PROJECT/ INVESTMENT OF THE YEAR: WATER 2025 ENVIRONMENTAL FINANCE IMPACT INVESTMENT AWARDS

* 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 has been a significant year for the Thames Tideway Tunnel project – and a moment of transition for our Company.

With the system operating at full capacity, the tunnel has intercepted over 20 million tonnes of storm sewage that would otherwise have entered the River Thames.

With the majority of the civil engineering work now complete, I am pleased to report that the cost to the bill-payer remains within the £20-£25 range outlined at the outset of the project (14/15 prices). These key achievements, among others, reflect the work of the more than 25,000 people who have contributed to the project, delivering a complex, nationally significant scheme in the heart of London while largely meeting expectations on time and on cost. It is right that the innovative financing model employed on Tideway, the first delivered via SIPR, is being used to deliver other major infrastructure in the UK.

I would also like to acknowledge the contribution of our outgoing Chief Executive Officer, Andy Mitchell, who stepped down after more than a decade leading Tideway. Under his leadership, the project has been delivered to a high standard of health, safety and wellbeing, with strong environmental outcomes and wider positive social impacts. In May 2026, Matt Parr succeeded Andy as Chief Executive Officer. Matt has been closely involved in the project for many years, most recently as Deputy CEO, and is now leading an organisation focused on safe project completion, delivering the full environmental benefits of the scheme and transitioning the organisation to a steady-state asset owner and utility. As we move into this next phase, it is important to recognise that while the tunnel is operational and delivering the environmental benefits it was designed to achieve, some elements of the project are still in the completion phase. There is work ahead of us, and we remain in the critical phase of commissioning – testing the system under a range of storm conditions and identifying and addressing issues as they arise. This is an essential stage in ensuring the asset's long-term performance and reliability.

Alongside this, the project's wider legacy is becoming increasingly visible, particularly through the new public spaces created along the river. Following a visit from His Majesty The King in May 2025, we welcomed Her Royal Highness The Princess Royal to mark the completion of works at the largest piece of our public realm in the heart of London – Bazalgette Embankment, next to Blackfriars Bridge – and I've been delighted to see this space become a well-used and iconic new destination for Londoners and visitors to this city.

Tideway is now delivering clear and lasting benefits for London and its river, and there is much to be proud of in what has been achieved to date. At the same time, we remain realistic about the work that still lies ahead. With a strong and experienced team in place and with continued focus from the Board and leadership team, I am confident that the project will be completed safely and successfully and that it will stand as a lasting example of how complex infrastructure can be delivered, operated and stewarded for the long-term.

Michael Queen
Chair, Tideway
10 June 2026



Chief Executive Officer's Introduction

I am pleased to introduce this Annual Report as Tideway's new Chief Executive Officer, at a point when the organisation is transitioning from construction to long-term operation.

As I step into this role, my focus remains on the safe completion of the project, maximising the environmental benefits of the scheme to support a cleaner, healthier River Thames and delivering a broader impact for London and its communities.

With a good deal of work still to do, keeping our teams safe remains our number one priority, and I'm glad to report that it's been another safe year across our sites, with no major injuries.

The system continued full operation through last year and has continued to perform strongly. To date, it has intercepted over 20 million tonnes of sewage from entering the River Thames and prevented c1000 spills. While we remain in the testing and commissioning phase the system is operating well and protecting the river. Designed to last for over 120 years, the system is already delivering the environmental benefits it was created to achieve.

By August 2025, we had successfully tested the tunnel in half-full conditions which allowed us to move into full tunnel operations. This was a major milestone for the project and for the future health of the river. The current stage of commissioning is to test the system under the most intense rainfall conditions. We benefited from heavy rainfall in early June 2026 which provided the opportunity to further test the Tunnel and enable additional criteria to be satisfied. Testing and optimization remains ongoing. While these conditions were originally expected to occur reasonably frequently, we have yet to see all those weather events. This, alongside challenges in obtaining key river-related consents, has had an impact on our cost and schedule.

Our reported costs are £4.7bn which reflect a 2% increase driven principally by project prolongation due to the weather and consents. The impact on customer bills remains unchanged and well within the £20-25 range (in 2014-15 prices) set out when the project began in 2015. Tideway continues to maintain strong financial oversight during project completion.

Given the successful operation of the system to date, we are in active discussions with Ofwat, the Environment Agency, Defra and Thames Water over the right course of action to ensure we can recognise the achievements of the project, uncertainty of weather for testing and the need to move forward to continue to optimise the system for the benefit of the river. Ofwat has confirmed that, under the current regulatory arrangements Tideway should not be subject to penalties under the Licence, or a potential Licence breach, as result of weather-related delays. The conclusion of these discussions may lead to changes in our regulatory framework to support the company's objectives of protecting the river.

During this period, we have also closed out the programme's legacy commitments in line with our original plan, with 46 of our 54 commitments now complete and 92 per cent achieved or on

track. Personally, I am delighted to see Tideway and its partners deliver on these commitments, which I helped establish over 10 years ago. These commitments – spanning skills, community partnerships, employment, environmental enhancement, and industry-leading standards in health, safety and wellbeing – represent a substantial contribution to the social value associated with this project. We are proud of Tideway's record in this space, going above and beyond our core remit from the outset with a programme of social impact initiatives that set new standards for how major projects are delivered in the UK. We are now looking beyond our legacy commitments to define how we can continue to make a positive impact.

During the period, we also opened six new public spaces along the river – taking the total to 12 of 13 of these spaces now open – enhancing access, architectural quality and social value for the enjoyment of Londoners and its visitors.

As we transition from a construction led organisation to an asset owner, we continue to ensure that our governance, culture and values remain strong. This positions Tideway to meet its obligations to customers, regulators, investors and the communities we serve, as well as our incoming partners within our supply chain.

To support the company as it moves forward, we have appointed a new senior leadership team. I am delighted with the breadth of talent in the team and that it has a 50:50 gender split.

The company has achieved a huge amount since it was established in 2015 under the leadership of the former CEO Andy Mitchell. I would like to formally acknowledge the contribution of Andy, whose leadership over many years guided the project through its most complex construction phases and positioned Tideway strongly for the future. Finally, I would like to express my appreciation to our teams, contractors, investors, regulators and partners for their sustained support. The system is already delivering substantial environmental and wider benefits. It is on behalf of all those involved in the project, that we were delighted to be recognised by TIME Magazine as one of the world's 100 most influential companies. This reflects the ambition and intent of all those involved.

Tideway is approaching the end of a major infrastructure programme and moving into an operational phase focussed on ongoing optimisation for the benefit of the river. While our work is not yet complete, we remain focused on delivering long-term value for all stakeholders and securing a cleaner, healthier River Thames for the future.

Matt Parr
Chief Executive Officer, Tideway
10 June 2026



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 in successfully delivering the project and beyond. We have always aimed to transform the way the industry operates, whether that is through our focus on health, 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 their skills.

VALUES

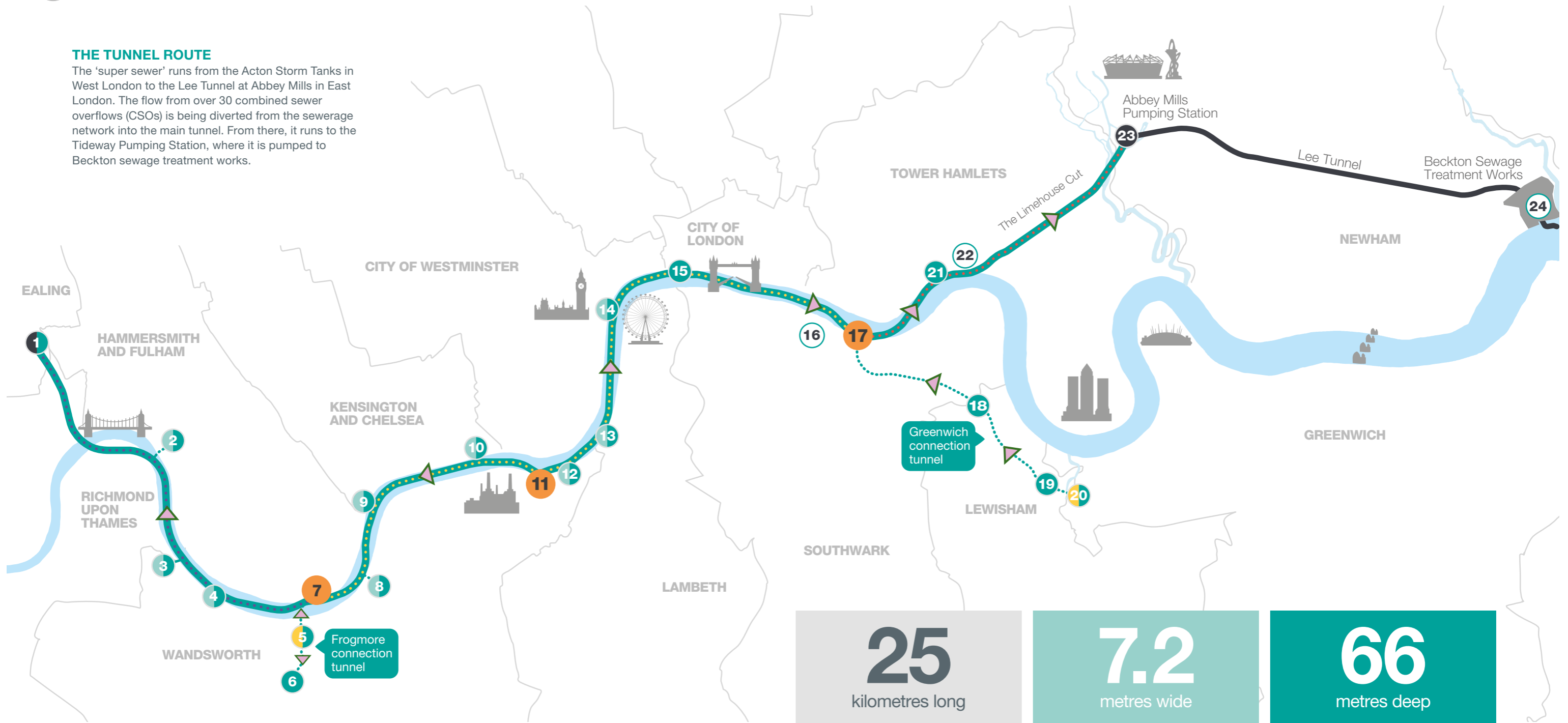
In line with our Purpose and Vision, Tideway has made long-term, public commitments regarding the broader value and benefits it seeks to achieve. Our work reflects our values and how we align with the UN Sustainable Development Goals.



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, where it is pumped to 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.

Map key

- | | | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> ● Main tunnel drive site ● Main tunnel reception site ● CSO site ● Short connection tunnel drive site ● Long connection tunnel drive site ○ System modifications | <ul style="list-style-type: none"> — Main tunnel --- Connection tunnels — Lee Tunnel ◀ Drive direction --- West works site --- Central works sites --- East works site | <ul style="list-style-type: none"> 1 Acton Storm Tanks 2 Hammersmith Pumping Station 3 Barn Elms 4 Putney Embankment Foreshore 5 Dornay 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 |
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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 oversight and governance. They bring extensive experience of investing in and managing a wide range of infrastructure assets in the UK and overseas, knowledge that supports us in our delivery.

Since the Licence Award, our Shareholders have invested £1.3 billion. 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 to best deliver the project.

Role	Partners
Programme Manager	<ul style="list-style-type: none"> Jacobs
West Main Works Contract BMB Joint Venture	<ul style="list-style-type: none"> Bam Nuttall Limited Morgan Sindall Plc Balfour Beatty Group Limited
Central Main Works Contract FLO Joint Venture	<ul style="list-style-type: none"> Ferrovial Agroman UK Limited Laing O'Rourke Construction Limited
East Main Works Contract CVB Joint Venture	<ul style="list-style-type: none"> Costain Limited Vinci Construction Grands Projets Bachy Soletanche Limited
System Integrator	<ul style="list-style-type: none"> Amey OWR Limited

As we finish construction and move to Operations & Maintenance our supply chain will transition to a number of new maintenance partners who have been procured during the period and are currently mobilising.

Role	Partners
Service Manager	<ul style="list-style-type: none"> Jacobs
Maintenance Contractor (MEICA & Civils)	<ul style="list-style-type: none"> M Group
SCADA Maintenance	<ul style="list-style-type: none"> Amey OWR Ltd
Ground Water Monitoring	<ul style="list-style-type: none"> Tetra Tech
Scour & Accretion Monitoring	<ul style="list-style-type: none"> Port of London Authority
Asset Protection	<ul style="list-style-type: none"> Lynd
Tunnel Inspection	<ul style="list-style-type: none"> Amentum

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 and a contingent Government Support Package that recognise 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.

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, culminating in a 30-day period of automated operation. After this final test, the tunnel is inspected, and the operation of the system is handed over to Thames Water. Following completion of the MWCs' activities, the contractors will be demobilised.
- System Acceptance period**
 This is a proving period 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 Thames Tideway Tunnel (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. For more information, please refer to Safe, Sustainable Asset Management – System Acceptance section.

Tyburn Quay, formally opened in October 2025, is floodable during the highest tides, allowing visitors to dip their feet in the Thames



Engaging with Our Stakeholders

Errol Lodge, part of the Tideway Central team, captured at Tyburn Quay as part of a photo essay called Standing by the Thames, led by the photographer Matthew Joseph



As the project moved fully beyond construction and six new areas of the public realm were completed and opened for use, the Company's approach to stakeholder engagement continued to evolve to reflect this new phase.

With limited on-site construction activity, engagement during 2025/26 focused on supporting stakeholders through system testing, commissioning and the transition towards full operational readiness.

The Company continued to engage transparently with a wide range of stakeholders, including local communities, elected representatives, government and regulatory bodies, delivery partners and system operators. Communications during the year focused on commissioning milestones, system performance and progress towards Handover, ensuring stakeholders remained informed about what this phase of the project means for them and for London.

Close working relationships with Thames Water remained central during the year, reflecting the increasing focus on system integration, readiness and long term operation. The company also continued to engage with the Port of London Authority (PLA) and other river users, supporting safe navigation and coordination as river based construction activity concluded.

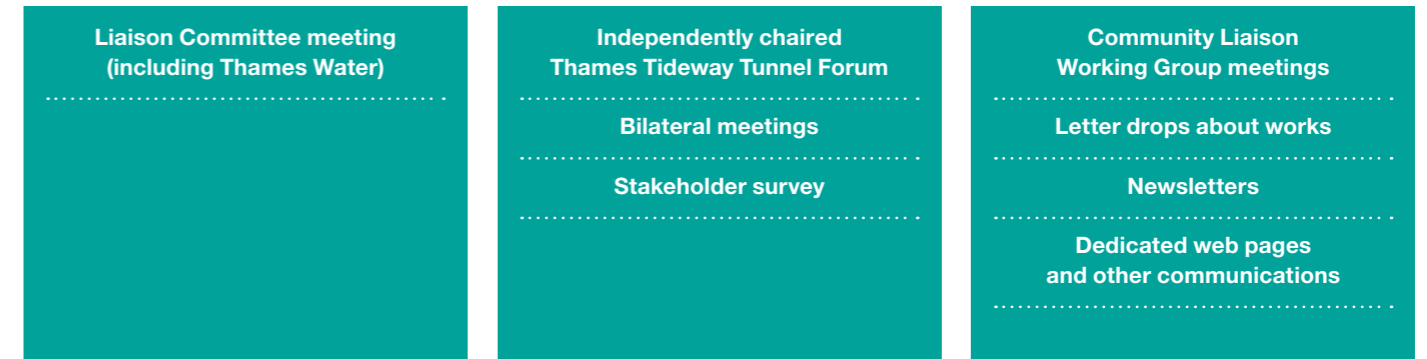
Established governance forums, including the Liaison Committee, continued to support structured engagement with key stakeholders. Engagement with contractors evolved as construction concluded, with a shift in focus from delivery activity to completion, knowledge transfer and the orderly close out of contracts.

As community impacts reduced significantly, engagement arrangements were adjusted to remain proportionate and appropriate. Regular updates and feedback mechanisms remained in place, while the stakeholder helpline transitioned to an in-house office hours service, reflecting the project profile. In 2025, we recognised the end of the Thames Tideway Tunnel Forum and reporting group, bringing to a close the long running relationship that gave local stakeholders representing Local Authorities, environmental and planning bodies consistent access to decision makers and Tideway employees. This was a key initiative that paved the way for our community engagement and helped build strong, trusted relationships throughout the project.

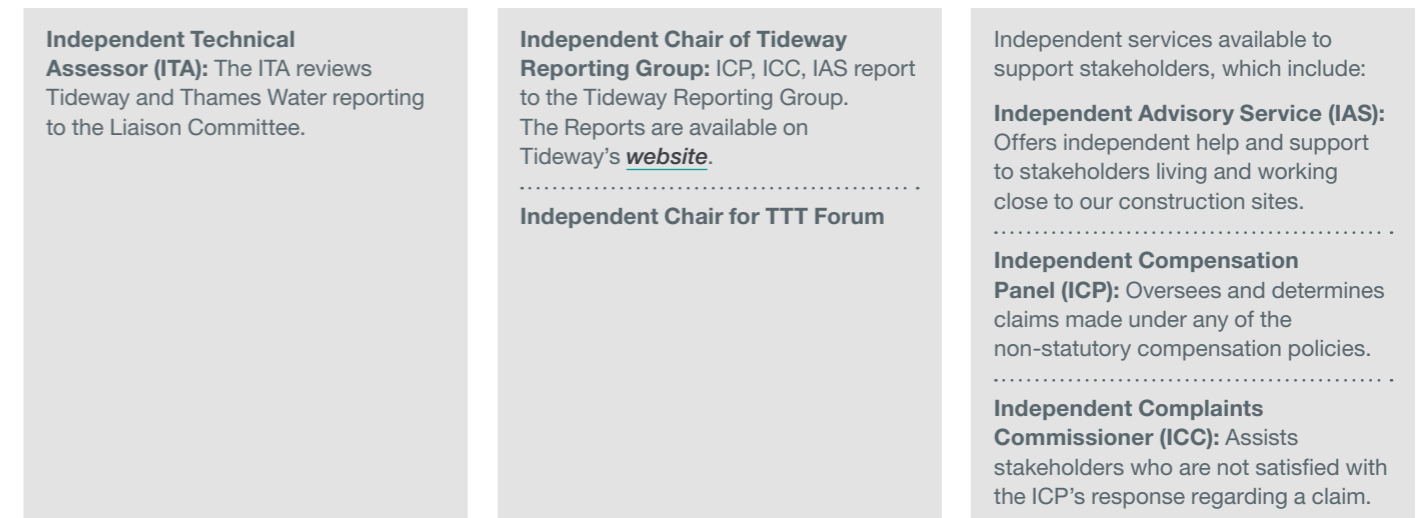
STAKEHOLDER GROUPS



ENGAGEMENT CHANNELS



INDEPENDENT ROLES AND ASSURANCE



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 CO₂ than the road equivalent.

NEW PUBLIC SPACES

We have created twelve 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 [Safe, Sustainable Asset Management](#) section

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

TALENTED AND PASSIONATE PEOPLE

We work to attract, motivate, develop and retain the best talent.

See [Connected People and Partners](#) 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](#) section and [Engaging with Our Stakeholder](#) 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

EFFICIENT FINANCING

We aim to finance the project as efficiently as possible to minimise our impact on bill-payers.

See [Resilient Finance](#) 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 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 our key contracts
- Providing opportunities for companies and workers to develop skills and gain experience

BILL PAYERS

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

INVESTORS

- A fair return for investors



OBJECTIVE

We manage our infrastructure the right way, prioritising long-term safety and sustainability. We maximise the 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

2025/26 MEASURE

MAINTAIN STRONG HSW PERFORMANCE

Target: Safety record better than recent major projects

Actual: **On Track**

NUMBER OF MAJOR INJURIES*

Target: 0

Actual: 0

ACCIDENT FREQUENCY RATE 3 (AFR-3)*

Target: 0.0

Actual: **0.18**

ACCIDENT FREQUENCY RATE 7 (AFR-7)*

Target: 0.0

Actual: **0.18**

DELIVERY AGAINST THE BEST VALUE FOR MONEY SCHEDULE SCHEDULE HANDOVER

Target: Handover by quarter two 2025/26

Actual: Handover by quarter two 2026/27

SAFE OPERATIONS

Tideway remains committed to completing the programme with zero fatalities or serious injuries on or off-site.

There were over 1.1 million hours worked in the year, with 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. Accident Frequency Rates, which measure lost-time injuries over a rolling 12-month period, increased in the first half of 2025/26. Despite zero lost-time incidents during the second half of the year, a general reduction in working hours across the programme and two RIDDOR reportable over 7-day incidents (AFR-7) occurring in the first six months of 2025/26, resulted in both 3 days lost time (AFR-3) and AFR-7 increasing to 0.18. The Lost Time Injury Frequency Rate (LTIFR) decreased in the year to 0.18 (per 100,000 hours worked).

Q4 FY 2024/25**		Q4 FY 2025/26***	
AFR-3	AFR-7	AFR-3	AFR-7
0.00	0.00	0.18	0.18

	2025/26	2024/25	2023/24	2022/23
LTIFR****	0.18	0.27	0.26	0.16

During 2025/26, 1,133,873 hours were worked. There were five high-potential near misses in the reporting period. 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.

With the transition from construction completion (including commissioning) to operations and maintenance, we continue to review our Health, Safety and Wellbeing performance and the application of our RightWay philosophy. RightWay is our safety and culture initiative focused on ensuring worker safety, health, and wellbeing. It promotes a culture of care, continuous improvement, and personal responsibility to create a safe environment during construction and operation and maintenance of the project. We maintain a management focus on safe completion of construction and the safe start of longer-term operations and maintenance. This includes reviewing and amending our HSSE Protocols to ensure effective management controls for System Acceptance phase contracts.

Emergency preparedness arrangements continue to be reviewed and updated as required to reflect the changing phases of the Project including the delivery of crisis management exercises to test our teams. Procurement of emergency response contractors is well progressed to enable a smooth transition as our main works contractors demobilise. Ongoing liaison with the relevant emergency services ensures they have the relevant information to support the longer-term operations.

Tideway continues to share experiences and lessons learned with other projects and organisations. This includes now making the 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. During this transition phase, we continue to provide EPIC to all new starters on the project across the supply chain to ensure the same transformational health and safety benefits experienced in the construction phase transfer to the operational and maintenance phase.

We continue to focus on health-related risks and wellbeing associated with both the completion of works and the ongoing operation and maintenance of the asset, ensuring continued work towards achieving parity with safety deliverables. In recognition of the increased stress levels typically associated with the latter phases of the project, Stress Management is prominent in our health focus, identifying key risks and actions to minimise potential impact. This work continues to be supported by the Mates in Mind charity.

SUCCESSFUL PROJECT COMPLETION

During the year, commissioning activities continued following full tunnel availability, including validation of design criteria and progression through the storm testing phase. All Combined Sewer Overflows (CSOs) were activated in February 2025, enabling the tunnel to operate as a fully integrated system. As part of the commissioning plan, the tunnel was initially operated in a 'half capacity' mode, with penstocks set to close at the half full level and any residual CSO flows diverting to the river.

Two successful storm tests (Storm Test 1 & 2) were completed during a significant rainfall event on Saturday 19th July 2025, capturing CSO Overflows and validating system functionality of hydraulic, ventilation and control systems under real storm flow conditions. The system responded as designed with the penstocks closing across all sites at different tunnel setting levels.

During the storm tests, crews were mobilised to sites to capture CCTV footage of inflows into hydraulic structures to complement permanent and temporary monitoring equipment installed and to carry out air sampling to validate odour treatment equipment.

For both storm tests, the system responses were predominantly as expected. Whilst there were several observations and individual asset faults during the test, which required minor software changes, these are normal for a commissioning test and overall, the hybrid storm test was a success. As a result, on 21 July 2025, Tideway and Thames Water agreed to move the tunnel set points from half tunnel to full tunnel fill level settings to provide the full system capacity.



The team at Greenwich Pumping Station, where the Greenwich storm relief CSO now connects to the super sewer via a 4.5km, 5m-diameter tunnel

* Definitions: **Major injury:** any injury involving employees and contractors 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 involving employees and contractors 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, including employees and contractors. Excludes Road-Traffic accidents to ensure alignment with RIDDOR 2013. Injuries contributing to AFR-7 will automatically be included in AFR-3.
 ** AFR as measured on 14 March 2025. *** AFR as measured on 13 March 2026.
 **** The Lost Time Injury Frequency Rate (LTIFR), measures the frequency of work-related injuries or illness that results in an employee or contractor taking time off work (per 100,000 hours).



Zinc-clad 'beach huts' at Effra Quay discreetly house essential Tideway equipment, blending infrastructure into a riverside design inspired by an urban 'elevated beach'

With full tunnel capacity now available, the team successfully progressed to Storm Test 3. Storm Test 3 was achieved in January 2026 under dry weather contingency measures. This meant that certain criteria dependent on high tunnel levels could not be fully validated at that time. Heavy rainfall in early June 2026 provided the opportunity to further test the Tunnel and enable additional criteria to be satisfied. Testing and optimisation remains ongoing.

Storm Test 4, the fourth and final, is not reliant on weather and is a hands-off 30-day test of the tunnel's automated control system. The test commenced late March 2026 and was successfully completed in April 2026.

During the year (1 April 2025 – 31 Mar 2026) with the system fully activated and notwithstanding the lower than required inflows required for commissioning, the LTT have intercepted ~13.3 million tonnes of sewerage across over 800 individual CSO interceptions, with the cumulative (from first activation August 2024 to 31 March 2026) being ~19.6 million tonnes across over 1,000 individual CSO interceptions. During the same period, a total of 24 CSO spills to the river occurred, of which 22 were as a consequence of the testing process to ensure that when the tunnel reaches certain fill levels, it responds appropriately. The remaining two were minor unintentional spills, associated with the rectification of a construction non-conformance.

Following completion of Storm Test 3, a post-storm test inspection of the infrastructure is required. A targeted risk-based inspection methodology has been developed to minimise confined space entries (health & safety risk) and to limit environmental impact through reduced tunnel outages. This methodology utilises remote drone technologies for all near-surface assets (chambers) and some critical locations within the deep tunnels. This approach enhances the accuracy and speed of asset condition assessments and supports Tideway's broader goals of innovation and operational excellence in managing the TTT infrastructure. Inspection of the assets using drones was completed in April 2026, delivering a very high-quality data set which did not identify any changes or areas of concern.

Physical construction activity is now limited to minor works associated with architectural and landscaping finishes, control systems adjustments and the demobilisation of temporary marine works in the river. Works are substantially complete at seventeen out of the twenty-one sites, with the remaining four sites progressing through final snagging and demobilisation. Of the thirteen public spaces created or refurbished by the project, twelve are now open to the public under the stewardship of Tideway. The remaining site at King Edward Memorial Park is scheduled to open in summer 2026.

Remaining works within the river at three sites relate to reinstatement activities, removal of temporary works (including piles) and returning vessels to their moorings. A workstream is underway to design and commission a control system for a permanent CSO discharge warning system; the physical CSO discharge warning lights are already installed and currently operating under a temporary control system. These river-based works require obtaining ongoing consents from the Port of London Authority (PLA) and this has been challenging during the period and has had an impact on this element of the programme and on the remaining costs. Remaining works are limited in scope and the team continues to review and manage the programme to secure the necessary PLA consents, with mitigations being identified to prevent any material impact on the completion of the works.

The Main Works Contractors in all three delivery areas and the System Integration Contractor are now focused on finalising certification, as-built drawings and models and Operational and Maintenance documentation.

SYSTEM ACCEPTANCE

When storm testing and commissioning are complete, the Handover milestone will be reached, marking the commencement of the System Acceptance phase when Thames Water takes over responsibility for the operation of the tunnel and maintenance of public realm areas. During System Acceptance, Tideway will retain responsibility for maintenance of the System assets, monitoring and testing for climatic and operational scenarios and system optimisation.

Some of the commissioning test criteria that rely on a high fill tunnel level have yet to be tested due to lower-than expected inflows into the tunnel. Discussions are ongoing with Thames Water and other stakeholders to agree an appropriate approach to addressing weather related impacts.

Planning for the System Acceptance Phase is well progressed with Tideway's System Acceptance and Service Manager teams mobilised and finalising a suite of service contracts that underpin operational readiness, including tunnel access, monitoring, maintenance, and rapid response capabilities.

The System Acceptance phase maintenance contractor has mobilised and is currently training and shadowing the Main Works Contractors maintenance teams, in readiness for a smooth transition of maintenance responsibilities at Main Works Contractor Completion.

We closely monitor the performance and health of the operational assets under our control as we transition from completion of construction to Operations and Maintenance. This is an important area to manage completion (snagging, defects management) and ensure the availability of the assets with the optimal response for any issues that arise during operations.

A key deliverable for the System Acceptance phase is a comprehensive inspection of the assets. Unlike the post-storm test inspection, this will not adopt a risk-based methodology and will include a full inspection of the deep tunnels. In line with the project's ongoing objective to minimise confined space entries (health & safety risk), limit environmental impact through reduced tunnel outages and maximise the quantity and quality of inspection data, a remote inspection methodology is being developed. This approach will utilise remote drone technologies for all near-surface assets (chambers) and some selected critical locations within the deep tunnels, with the remainder of the deep tunnels inspected using a bespoke tracked robotic system. This approach also enhances the accuracy and efficiency of asset assessments, supporting Tideway's broader goals of innovation and operational excellence in managing the TTT infrastructure.

In light of the below-average tunnel inflows and fill levels observed during commissioning and extrapolating into the System Acceptance period, an alternative approach to System Acceptance is being explored. Given the system's successful operation to date, we are in active discussions with Ofwat, the Environment Agency, Defra and Thames Water to agree the appropriate course of action, to address weather related testing uncertainty, optimise performance, and ensure the project's achievements are recognised.

During and beyond System Acceptance, Tideway has long-term responsibilities for the asset management of the deep tunnel assets, including asset protection, inspection, repairs and maintenance, monitoring and performance reporting. Dedicated resources from within the existing Tideway teams have been appointed to newly established Asset Management roles and are transitioning to form a new permanent team. This team will support the System Acceptance activities and ensure key learning, knowledge and experience is taken forward from the construction phase into the long-term operation phase. Tideway continues to have strong support from Thames Water, the Environment Agency, Ofwat, and the Department for Environment, Food & Rural Affairs in achieving the associated successful project outcomes.



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

2025/26 MEASURE

DELIVER AN EFFECTIVE STAKEHOLDER ENGAGEMENT STRATEGY

100%
stakeholder advocacy
of the project

Over 1,000
stakeholders engaged in
events during the year

MEDIA ENGAGEMENT

94.6%
positive sentiment
across coverage
(88.2% in
year 24-25)

Increase in social media
engagement on Instagram
& LinkedIn **868,000**
impressions across all
platforms, **222% increase in**
the number of new Instagram
followers vs the previous year.

Tideway's final
YouTube series was
published in the
year, and the full
series achieved
almost
140,000 views

PUBLIC REALM AND LEGACY

6
new areas of public
realm/artworks marked
with community events

92%
of legacy commitments on track or
achieved, with a minimum of £40
million of social value generated

PEOPLE AND CULTURE

Over 600 people from the Tideway team past and present
came together to celebrate the project at new public
space on Bazalgette Embankment

DIVERSITY AND INCLUSIVITY

New leadership team
establishes a **50/50 gender**
balance for the first time

Across the entire Tideway Senior
Leadership Team, the gender split
is **53% female** and **47% male**

OVERVIEW

This year, as the new infrastructure continues to protect the River Thames, we continued our transition from a construction-led organisation to one focused on commissioning and the long-term operation of the asset. Our attention was on ensuring we had the organisational capability, culture and partnerships required for safe, reliable progress toward Handover and beyond.

Staying closely connected to our people and partners remains central to this progress, underpinning confidence in our performance and supporting Tideway's reputation with regulators, investors and Londoners.

As we enter the next phase of steady-state operations, these relationships remain central to our long-term resilience and financial stability.

PEOPLE AND CULTURE

Our approach to people and culture is key to Tideway's success as we move through the commissioning phase. Leadership continuity has provided essential stability, enabling the new Senior Leadership Team (SLT) to establish itself and guide the organisation confidently through this transition. The SLT's collaborative and open approach has strengthened alignment across the business and supported colleagues as roles, processes and expectations evolve.

Our enhanced communication channels continue to inform and engage those working on the project, ensuring everyone remains connected to operational progress, business planning and each other.

Wellbeing remains a central part of our 'RightWay' approach to Health Safety and Wellbeing, with support continuing to be available to colleagues both remaining with the Company and those moving on to new roles.

100 per cent of employees have been provided access to My Benefits at Work, and the majority have logged in to the portal, which includes the Employee Assistance Programme. We have 21 active Mental Health First Aiders trained in 2025/26; more training will be offered along with refresher courses.

EMBEDDING AN INCLUSIVE AND CONNECTED CULTURE

To ensure our people remained connected and engaged in 2025/26, we refreshed our internal engagement programme – which began with formal updates to employees and a series of in-person briefings and workshops around the transition. These evolved into informal workshops where everyone had a chance to contribute to the way we approach our culture.

A recent culture and wellbeing survey showed a strong appetite for engagement across several areas: participation in our Encompass program, focusing on equality, diversity and inclusion (82 per cent) and leading our volunteering program (62 per cent). These findings establish a clear baseline for understanding people's aspirations for the organisation.

Diversity continues to be a key driver of Tideway's culture and the way we operate across the whole organisation. We have company wide initiatives in place to attract and recruit diverse talent, ensuring that our recruitment practices promote fairness, inclusion and equal opportunity across all roles and functions. As an example of our focus on diversity, our Senior Leadership Team achieved a 50:50 gender balance for the first time, reflecting our commitment to equity and representation at all levels of the business.

This commitment extends across our entire workforce, with a gender split of 53 per cent female and 47 per cent male as of 31 March 2026. We actively monitor and manage diversity across the organisation to understand trends, identify areas for improvement and inform our people strategy. Alongside this, oversight for diversity strategy and initiatives sits with the Board, with programmes in place to support an inclusive and diverse workforce and enable our people to thrive, contribute fully, and feel valued throughout their careers at Tideway.



Members of the Tideway team volunteering at Cody Dock in east London, where they helped build a fence to restore access to reed beds so the charity's ecology team can continue their conservation work

DEMONSTRATING THE TUNNEL'S IMPACT

During 2025/26, the system prevented around 13.3 million tonnes of sewage from entering the Thames, avoiding more than 800 untreated discharges. An online tracker continues to highlight that over 20 million tonnes of sewage have been prevented from spilling into the Thames.

To better understand the Tunnel's impact on river health, we launched a long-term water-quality study measuring several metrics related to river health. We also commissioned qualitative social research into river users' perceptions of the River Thames, a year after full operation of the tunnel. More than a third (38 per cent) of Londoners surveyed¹ felt the Thames water quality has improved compared with a year ago, while 80 per cent of Londoners believed the Thames Tideway Tunnel will have a positive impact on water quality.

"The condition of the Thames isn't great, but I did hear about the new sewer... so I'm hoping to see a massive difference in the next year."

STAKEHOLDER ENGAGEMENT

An independent survey of Tideway's key stakeholders (from relevant Environmental, Political, Business and Community groups) undertaken in August 2025, recorded 100 per cent positive feedback on Tideway's approach to delivering the project, highlighting our responsiveness, clarity, and professionalism during commissioning.

"IT WAS DEFINITELY INNOVATIVE AND AMBITIOUS, AND IT WILL UNDOUBTEDLY HAVE A MAJOR POSITIVE CONTRIBUTION TO THE MANAGEMENT OF SEWAGE OVERFLOWS IN LONDON."

Environmental Stakeholder

Our engagement approach in 2025/26 focused on transparency, demonstrating the tunnel's impact on the tidal Thames and our new public spaces.

In September, Tideway delivered a major programme of events to celebrate new public spaces and a new era of river health for the Thames. The programme brought together a broad range of partners, including community groups, members of the Tideway team, and other key stakeholders. It culminated in the completion of works at Bazalgette Embankment, where HRH The Princess Royal officially switched on a monumental new waterwall artwork – an eight metre tall installation forming part of a wider series of sculptures on the site. The event was also attended by Secretary of State for Environment, Food and Rural Affairs, Emma Reynolds MP and the Mayor of London, Sir Sadiq Khan.

¹ An independent survey commissioned by Tideway took place in March 2025, to understand how the health and quality of the Thames is perceived by River Users - a mixed method approach combining a quantitative survey and in-person qualitative interviews was used, across a sample of 414 respondents.

Connected People and Partners



The Mayor of London, Sadiq Khan, with Battersea MP Marsha de Cordova for the formal opening of Heathwall Quay in August 2025

The same week, more than 800 colleagues, past and present, joined a **large-scale performance on the new embankment**, celebrating the collective achievement behind this nationally significant project. A breakfast briefing was held to introduce the public art programme now installed across the new spaces in London. Dozens of influential journalists and social media content creators attended, with the event earning high-profile, positive coverage in the media and on social media.

Londoners interested in or impacted by our construction activities remain one of our most important stakeholder groups, and we continued to proactively engage with these communities throughout the year. We published the 46th and final edition of our community newsletter, **River Times** – which, since 2017, has been regularly delivered to around 40,000 households.

With construction and on-site activity now drawing to a close, we closed out the Thames Tideway Tunnel Community Forum and its Reporting Group. We would like to extend our sincere thanks to everyone involved for helping to steer the project in the right direction. This has been invaluable in ensuring that residents and local businesses affected by consent through to construction were listened to, considered, and kept informed throughout the process.

Our Helpdesk, which remains active, saw a 47 per cent reduction in contacts and a 73 per cent reduction in complaints, reflecting the decline in local construction impacts.

We continued to award claims made to the Independent Compensation Panel this year, with a total of 331 claims awarded compensation, a 63 per cent increase when compared to 2024/25. The majority of these claims were annual renewals related to ongoing construction activities at our Chambers Wharf site.

This year, Tideway received further significant industry recognition. The project was awarded the 2025 RICS UK Infrastructure Award for its transformative impact and excellence in leadership, sustainability and community collaboration, recognising it as one of the country's most inspirational infrastructure projects.

In addition, Tideway's Independent Compensation Panel won the 2025 John Connell Innovation Award for pioneering work in noise and vibration management during construction.

Across digital, social and traditional media, we continued to tell our story, with the project achieving its highest-ever media reach figures for 2025/26², illustrating strong public interest. Our 25th and final episode of 'Tunnel Vision', Tideway's YouTube series, was published in the year, with the full series earning almost 140,000 views. An independently produced documentary, *Beneath Your Feet*, was published on Amazon Prime Video and detailed many stories from the construction phase, highlighting the project's scale and legacy.

Tideway has also maintained strong partnerships with a wide range of river interest groups and organisations throughout the construction phase of the project, regularly engaging members of the public and other stakeholders through events, boat tours and site visits.

DELIVERING A LASTING LEGACY

2025/26 also saw the completion of six additional public realm spaces, bringing the total to 12 of the 13 spaces now open. These new destinations include seven located along the river, with the final space scheduled to open this summer – transforming foreshore locations into accessible spaces, complete with new views, artwork and strengthening Londoners' connection with the Thames.

The final Legacy Report, published in September 2025, confirms that 46 of 54 commitments – created at the outset to ensure the project delivered wider benefits beyond the infrastructure – have now been achieved. This industry-leading approach has delivered long-term environmental and social outcomes from taking lorries off the road as part of our More by River Campaign, to our industry-leading approach to health, safety and wellbeing training as part of our EPIC scheme.

At Rainham Marshes, repurposed spoil is being used to support the creation of a 110-hectare wetland – the largest habitat creation scheme inside the M25. We also funded new interpretation boards and accessibility improvements to the boardwalk at Rainham Marshes to enhance visitor access. Nearly 33,000 people visited during the year, with the RSPB reporting positive feedback.

In November 2025, the Institution of Civil Engineers published a special issue of its Civil Engineering Proceedings dedicated to the Tideway Project. The special issue contained 12 papers – detailing key aspects of project's delivery, ranging from tunnelling and highly constrained working environments to placemaking and social value.

ENVIRONMENTAL, SOCIAL, GOVERNANCE AND SUSTAINABILITY

We take a coordinated approach to managing Environmental, Social and Governance (ESG) risks and opportunities, with teams across the business working collaboratively to align with best practice frameworks such as the Task Force for Climate-related Financial Disclosures.

This approach has led to updates to core policies and enhanced disclosures. Oversight of ESG matters is firmly embedded in our governance structure. The management of ESG issues is overseen by the Board's Audit and Finance Committee and the Risk, HSS&E Committee.

Information on ESG performance can be found in [ESG Databook](#).

TIDEWAY'S NEW VALUES

During the year, we have also taken the opportunity to evolve our values in line with Tideway's new purpose as an asset owner. These are Collaboration, Ambition, Leadership and Respect.

AMBITION	for the river, for London and each other
LEADERSHIP	for development and impact
COLLABORATION	between individuals, teams and partners
RESPECT	for people, places and planet

REPORT FROM WORKFORCE DIRECTOR, MOHAMMED SADDIQ

It was a significant year for the Tideway community. As we entered a key period of transition, the focus was on keeping people informed and supported throughout.

Clear and timely communication, both directly with employees and alongside the long running Employee Forum, was central to this approach. The Forum has played an important role in bringing workforce perspectives to the Executive and Board level, and it will continue to meet biannually. I look forward to working with those involved.

Weekly updates and company wide sessions helped keep everyone aligned as new structures and responsibilities took shape. They provided regular opportunities for open discussion and helped colleagues understand how the changes supported our future direction. Maintaining this steady flow of communication played an important role in giving people clarity and confidence during the transition.

As we move forward, I remain committed to ensuring our people have a strong voice in shaping Tideway's future and that each individual – whether they stay with the organisation or move on – is treated with fairness, respect and openness.

² Figures based on collection of YouTube analytics, HootSuite Analytics for social media (LinkedIn and Instagram) Google analytics for website



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

2025/26 MEASURE

COMPANY CREDIT RATING

Target	Actual
Baa1/BBB+	Baa1/BBB+

DISTRIBUTIONS

Target	Actual
Achieve 2025/26 financing plan	In line

LIQUIDITY

Target	Actual
12 months liquidity	19 months liquidity

CREDIT METRICS

Target	Actual
Maintain gearing below 70%	67.9%
Maintain interest cover higher than 1.3x	4.19x

DELIVERY AGAINST THE REGULATORY BASELINE – COST

Target	Actual
£3.5 billion	£4.7 billion

COST ESTIMATE AT COMPLETION

The cost estimate is currently £4.7 billion, representing a two per cent increase from last year (2025: £4.6 billion). This increase is driven by programme prolongation, primarily reflecting the impact of consent issues for river works, together with variability in rainfall and below average sewage inflows during the commissioning period. These factors have affected the programme delivery and resulted in higher forecasted costs. Notwithstanding this increase, the impact on customer bills remains well within the pre Licence award estimate of £20–£25 (in 2014/15 prices).

FINANCING

We delivered all our financing priorities for the year and continued to maintain Tideway's strong financial position.

In July 2025, we raised £250 million through a new bond issuance, further strengthening our liquidity position and ensuring that, as at 31 March 2026, we held more than 19 months of liquidity, significantly above our 12-month target. We have continued to protect our credit ratings and credit metrics, and to maintain a low risk financing profile.

Our £160 million revolving credit facility (RCF), which remained undrawn throughout the year, was refinanced on 31 March 2026 with a new £120 million RCF structured as a three-year loan with two one-year extension options. The RCF remains undrawn at year end.

Both the latest bond issuance and the RCF have been structured in a blue format, reflecting a shift in Tideway's sustainable financing approach to signify the current stage of the project, with the tunnel already diverting sewage and delivering environmental benefits for the River Thames.

During the year, the Company and Bazalgette Finance Plc increased their liquidity facilities (LF) by £20 million, from £75 million to £95 million. Together with the balance of the Debt Service Reserve Account (DSRA), the LF is designed to cover the liquidity required amount equivalent to twelve months of interest, fees, and scheduled amortisation as defined in our financing platform. There is currently no requirement to reserve cash in DSRA.

Following the latest £250 million bond issuance, Tideway's total debt funding stands at £3,961 million, including accretion.

Debt (£m)	Principal	Accretion	Total Drawn
RPI	1,109	399	1,507
CPI	350	83	433
Floating (EIB)	596	–	596
Nominal	1,425	–	1,425
Total	3,480	482	3,961

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.

Throughout the year, Tideway remained in full compliance with all financing covenants. As at 31 March 2026, the ratio of Net Debt to Adjusted RCV (gearing) stood at 67.9 per cent, while the ratio of Net Cash Flow to Senior Debt Interest (interest cover ratio) was 4.19 times. These compare favourably to the covenant thresholds of a maximum gearing of 70.0 per cent and a minimum interest cover ratio of 1.3x (see the Financial Performance Review section for further details on covenant triggers).

Cash and liquidity were managed effectively and prudently throughout the year, in line with our Investment Management Strategy.

TREASURY POLICY

The treasury policy incorporates the corporate objective to secure appropriate financing, prudent risk management and the preservation of strong investment grade credit ratings. All funding activities are undertaken in accordance with the requirements of the Government Support Package, the financing documents and the Licence.

SUSTAINABLE FINANCING

Our sustainable financing strategy aligns Tideway's funding approach with its long term objective of cleaning up the River Thames and the significant ESG initiatives delivered during construction, which were embedded in Tideway's legacy commitments. To date, we have issued 18 green bonds and one blue bond, all of which are listed on the London Stock Exchange's Sustainable Bond Market. Total green and blue debt issuance amounts to £2,407 million, comprising £2,082 million raised through the green and blue bond issuances and £325 million of green US private placements (USPPs).

The £160 million Sustainability-linked Revolving Credit Facility (RCF) has been refinanced with a new £120 million facility structured as a blue loan.

With the tunnel now operational and delivering measurable improvements in water quality, we have identified blue instruments as the most appropriate instrument to reflect the environmental outcomes now being achieved.

HEDGING

Tideway has entered into interest rate swap agreements with commercial banks to hedge exposure on tranches one to eight of the £700 million EIB loan and £70 million of the £300 million US private placement notes. These swaps are all economic hedges that were executed in prior financial years, and no new swaps were entered into during 2025/26.

DISTRIBUTIONS

At Licence Award, our shareholders committed a total of £1,274.2 million, comprising of £509.7 million in equity and £764.5 million in shareholder loans. 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 Handover, 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 procurement, reflected in lower charges on their bills.

Total distributions paid during the year were £65 million, comprising a partial payment of interest on the shareholder loan (£26.2 million of distributions were paid in 2024/25). The remaining £13.2 million of interest due was capitalised. The shareholder loan now stands at £985.8 million, bringing total shareholder funds to £1,495.5 million when combined with the £509.7 million of equity.

LIQUIDITY

At 31 March 2026, we had total liquidity of £490.7 million, comprising £370.7 million of unrestricted cash and short-term deposits, and the £120.0 million undrawn RCF. This, combined with expected revenue collections, provides liquidity significantly in excess of our 12-month target.

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 £371.4 million on a daily basis. Cash was managed in accordance with the limits and criteria set out in our approved investment management strategy, with a focus on preserving principal, maintaining sufficient liquidity and optimising yield.



Sustainable finance remains at the core of Tideway’s financing strategy. Our sustainable finance disclosures provide investors with information on how proceeds have been allocated, the environmental performance achieved to date, and our continued compliance with the requirements of our Sustainable Finance Framework.

We first introduced our Green Bond framework for the issuance of green bonds in November 2017. This was expanded in 2020 to a Sustainable Finance Framework under which Tideway and Bazalgette Finance Plc (BFP) can raise debt to support the financing and/or refinancing of sustainable assets and expenditures across its activities. The Framework was most recently updated in May 2025. It is aligned with the International Capital Markets Association (ICMA) Green Bond Principles (GBP) and with the Loan Market Association (LMA) Green Loan Principles (GLP). It is also aligned with the LMA Sustainability Linked Loan Principles (SLLP). In addition, the framework aligns with the ICMA Practitioner’s Guide “Bonds to Finance the Sustainable Blue Economy” (BFSBE) 2023. A key requirement across these standards is the provision of an annual update to investors covering the:

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

GREEN AND BLUE ISSUANCE

BFP has issued 18 green bonds and one blue bond to date, while Bazalgette Tunnel Limited (BTL) has issued two green US private placements. Further details on each transaction are provided in our [ESG Databook](#). The net proceeds from these green and blue instruments have been applied directly to the design, construction, commissioning and maintenance of the Thames Tideway Tunnel.

Under the ICMA GBP (updated as of June 2025), the project qualifies under the use of proceeds categories for “pollution prevention and control” and “sustainable water and wastewater management”. Blue bonds are recognised within the GBP as a subset of green bonds, provided they meet the four Core Components of the GBP, and Tideway’s activities are fully aligned with these requirements. In addition, ICMA’s A Practitioner’s Guide: Bonds to Finance the Sustainable Blue Economy (2023) specifies that eligible wastewater management projects must be located within 100 kilometres of the coast, an eligibility criterion met by the Thames Tideway Tunnel.

BLUE REVOLVING CREDIT FACILITY

At the end of the fiscal year, the £160 million Sustainability Linked Revolving Credit Facility (RCF) was refinanced with a £120 million RCF structured as a blue loan and aligned with the ICMA Green Loan Principles, including guidance applicable to blue loans. The blue classification reflects the project’s pure play mission to deliver environmental benefits for the River Thames, supported by its current operational performance with significant volumes of sewage already captured and diverted from the river.

The RCF remained undrawn as at 31 March 2026.

SECOND PARTY OPINION

Our green and blue debt instruments are supported by a Second Party Opinion from S&P Global Ratings, most recently updated in June 2025. In this latest assessment, S&P Global Ratings reaffirmed a ‘Dark Green’ shade for our Sustainable Finance Framework and the instruments issued under it – the highest classification within the S&P Shades of Green methodology. This endorsement underscores the strong green and blue credentials of our financing and highlights the project’s strong contribution to environmental sustainability.

USE OF PROCEEDS

The proceeds from the 18 green bonds and the one blue bond, each of which has been fully funded, were on lent by BFP to BTL and credited to BTL’s sole operating bank account. BTL has also received the proceeds 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 strategy 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 (APS), as defined in the Licence, which is the cumulative expenditure incurred for the Thames Tideway Tunnel, constituting the regulatory capital value. The APS 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 £3,849 million of APS during the period between August 2017 and March 2026 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
2025/26	129
Total	3,849

The £3,849 million of certified APS is in excess of the £2,407 million allocated to green and blue issuance, which funded between 25 August 2017 and 31 March 2026, confirming that the use of proceeds of the drawn green and blue issuance is in line with the requirements of the GBP.

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 Thames Tideway Tunnel is built and starts operations:

- In a typical year, the tunnel will reduce polluting discharges to the 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.

With the tunnel construction complete and all individual discharge points connected, the system has been operational and diverting sewage since February 2025. Post Handover, we will report the impact in accordance with the Handbook on Harmonized Framework for Impact Reporting published by the GBP, specifically ‘Core Indicator B. Wastewater Treatment Projects, #2: Annual amount of raw/untreated wastewater discharges avoided’.

As of the end of March 2026 total of 19.67 million tonnes of sewage have been diverted and prevented from discharging into the River Thames.

Wastewater Management Project	Project Name	Thames Tideway Tunnel
Signed Amount	£ million	2,407
Share of Total Project Financing	%	100
Eligibility for green bonds/ loans	% of signed amount	100
Allocated Amount	£ million	2,407
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 million tonnes.	13,295,000 million tonnes avoided in FY25/26 19,674,000 million tonnes avoided to date Ongoing reporting is 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 FY26/27 reporting cycle.

The amount of raw/untreated wastewater discharges avoided is determined jointly by Tideway and Thames Water using measured flow rates into the tunnel wherever possible, together with full measurements of flows pumped out of the tunnel. The results are then validated through a mass-balance comparison to ensure that inflow volumes reconcile with pump out volumes.

* 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

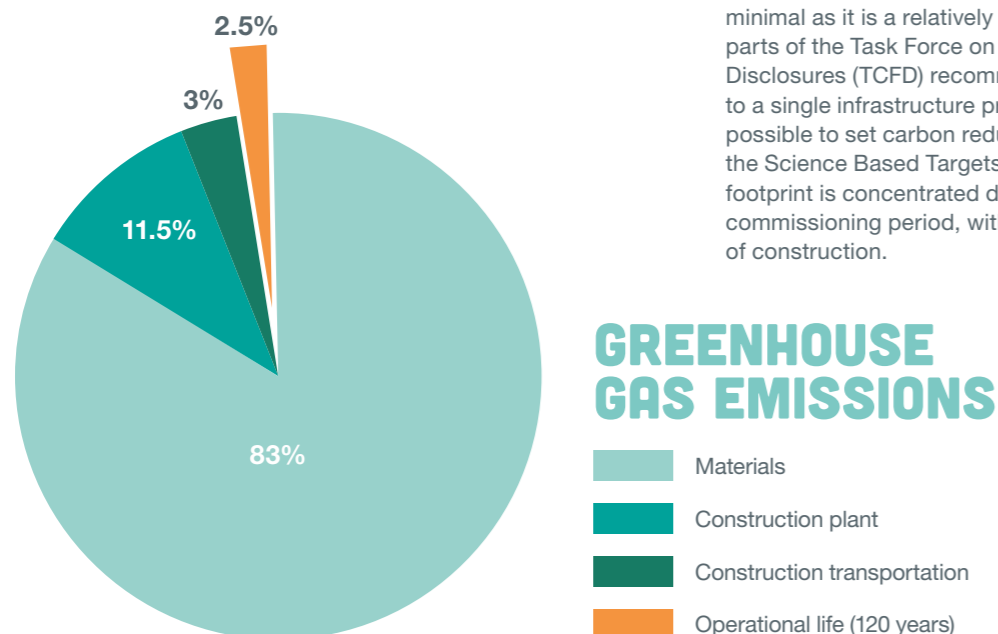
Introduction



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 tCO₂e, with the principal impact being the greenhouse gas (GHG) emissions arising from the construction of the infrastructure, in particular embodied carbon in the manufacturing of materials.

This carbon in materials during the construction phase of the project, which has substantially completed, equated to approximately 83 per cent 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 per cent of the total emissions. The transport of excavated material and construction materials represents approximately 3 per cent. Emissions during the 120-year operational life of the tunnel represent approximately 2.5 per cent 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 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 Ltd) 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 tCO₂e, an expected 8 per cent reduction. Our Main Works Contractors (MWCs) were required to minimise the project's carbon footprint 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 annually on the permanent assets that they control.

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 tCO₂e, 28 per cent below our anticipated carbon footprint. Further details can be found in our 2023/24 and final **Sustainability Report**.

The ability to reduce the carbon footprint of an infrastructure project of this nature is realised during the conceptual and design stages, with limited scope to effect further reductions during construction and commissioning. Once the tunnel is commissioned and operating, its operational carbon will be minimal as it 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.

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, that our disclosures are consistent with the TCFD recommendations and recommended disclosures in respect of the financial year ended 31 March 2026.

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 provides 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 under 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 at a resolution similar 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.

One of the final pictures of the super sewer taken before it began operation; this section is beneath Carnwath Riverside in Fulham



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
Response	<p>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.</p> <p>The Risk, Health, Safety, Security and Environment (Risk, HSS&E) 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 HSS&E risk, and helping to ensure that Board members are sufficiently informed to discharge their individual and collective responsibilities for HSS&E.</p> <p>The chair of the Risk, HSS&E Committee has experience in managing environmental risk, including climate related.</p> <p>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.</p> <p>The Board receives an update from the Chair of each of the Risk, HSS&E and Audit and Finance Committees following each meeting.</p>
References	<p>Annual Report</p> <p>Risk, HSS&E Committee terms of reference</p>
Additional info	

b) Describe the management's role in assessing and managing climate-related risks and opportunities
<p>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 and reported annually through the Annual Report. Performance is also reported to the Board through a report every six months to the Risk, HSS&E Committee and any issues or risks may also be raised through the Audit and Finance Committee. The Impact and Sustainability Manager oversees the reporting on sustainability KPIs and carbon emissions and works closely with the Treasury team on the Sustainable Finance Strategy, which has secured £2.5 billion of sustainable financing.</p> <p>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.</p>
<p>Annual Report</p>
<p><i>Taken at King Edward Memorial Park, this image forms part of a photo essay called Standing by the Thames, led by the photographer Matthew Joseph</i></p>



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
<p>Response</p>	<p>Conceptual stage</p> <p>During the conceptual stage of the project, climate change was considered as having two principal impacts on the tidal River Thames:</p> <ul style="list-style-type: none"> 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. <p>Construction phase</p> <p>The most significant climate change related risks during the construction period were:</p> <ul style="list-style-type: none"> 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. <p>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 per cent 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.</p> <p>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.</p> <p>Operational phase</p> <p>During the operational phase, the main physical climate-change related 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. However, the tunnel is designed to accommodate climate and population scenarios until at least 2080 as per the DCO Energy and Carbon Footprint report which mitigates this risk.</p> <p>Opportunities to reduce the 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.</p> <p>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.</p> <p>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.</p>	<p>Construction phase</p> <p>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.</p> <p>Notwithstanding the advance stage of construction, the business remains alert, and possible changes in law could pose non-material near-term financial impact.</p> <p>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.</p> <p>Operational phase</p> <p>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.</p> <p>Tideway will operate in alignment with Ofwat's climate change principles by continuing to systematically integrate climate-related risks and opportunities into business operations, long-term strategy, and financial planning, ensuring resilience, regulatory compliance, and the delivery of sustainable value under a range of future climate scenarios. We comply with greenhouse gas (GHG) reporting requirements outlined by Ofwat, the water regulator. An updated SWOT analysis – Strengths, Weaknesses, Opportunities, Threats can be found in the Annual Performance Report.</p>	<p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>
<p>References</p>	<p>Annual Report Energy and Carbon Footprint Report – DCO document Sustainable Finance Report London Tideway Tunnels Operating Techniques</p>	<p>Prospectus Licence London Tideway Tunnels operating techniques</p>	<p>Resilience to Change – DCO document Major Infrastructure Resilience to Projected Changes to Population and Climate*</p>

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



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
<p>Response</p>	<p>During construction, the Tideway Risk Management process aligned with the process the Association of Project Management stipulated as to be considered good practice.</p> <p>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.</p> <p>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 (Asset Management and Operations, Regulatory, Legal, Finance, Impact and Engagement, IS).</p> <p>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 conducted by suitably skilled and experienced professionals, consulting subject matter experts (Project Managers, Quantity Surveyors, Engineering Leads etc.) as required.</p> <p>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 ready for implementation following Handover.</p>	<p>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.</p> <p>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.</p> <p>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 been retired. The Risk Management processes described above covers all risks identified on the programme, including climate-related risks.</p> <p>Supply Chain and stakeholders</p> <p>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 annually on the permanent assets that they control, as agreed with Ofwat, the water regulator.</p> <p>We comply with greenhouse gas (GHG) reporting requirements outlined by Ofwat. 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.</p> <p>The EA, another of our regulators, has placed climate risk at the centre of its operation and regulation.</p> <p>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.</p>	<p>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.</p> <p>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.</p> <p>Tideway ran a programme of three mandatory carbon training workshops for Tideway Executives.</p>
<p>References</p>	<p>Annual Report</p>	<p>Annual Report Annual Performance Report</p>	<p>Annual Report</p>



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	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 Greenhouse Gas emissions and related risks	c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets																																
<p>Response</p>	<p>The origins of our legacy were outlined 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.</p> <p>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.</p> <p>We completed another three of our 54 legacy commitments in 2025/26, bringing the total closed out to 46 – a total of 85 per cent. We expect to complete a further four at Handover, with four remaining commitments relating to long-term environmental benefits such as water quality. For the project to date, 50 commitments or 92 per cent are 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.</p> <p>The metrics and performance against our environmental and climate commitments, included water, construction waste and beneficial reuse of excavated material.</p> <p>We have aligned ourselves to the World Resources Institute and the World Business Council for Sustainable Development definitions of Scope 2 and 3 emissions.</p>	<p>For the commissioning phase of the project, our Scope 3 emissions are based on energy usage from the new permanent 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.</p> <table border="1" data-bbox="1210 667 1982 1136"> <thead> <tr> <th rowspan="2"></th> <th colspan="2">2025/26</th> </tr> <tr> <th>FY tCO₂e</th> <th>PTD tCO₂e</th> </tr> </thead> <tbody> <tr> <td>Scope 1 Emissions – Operational</td> <td></td> <td></td> </tr> <tr> <td>Operation of the tunnel</td> <td></td> <td></td> </tr> <tr> <td>Total Scope 1 Emissions</td> <td>N/A until operation</td> <td></td> </tr> <tr> <td>Scope 2 Emissions – Indirect Emissions</td> <td></td> <td></td> </tr> <tr> <td>Electricity consumption used by Tideway (Bazalgette Tunnel Limited) controlled offices at Blue Fin Building.</td> <td></td> <td></td> </tr> <tr> <td>Location based</td> <td></td> <td></td> </tr> <tr> <td>Total Scope 2 Emissions</td> <td>22</td> <td>563</td> </tr> <tr> <td>Scope 3 Emissions – Embedded (Cradle to build)</td> <td></td> <td></td> </tr> <tr> <td>Total Scope 3 Emissions</td> <td>50</td> <td>553,710</td> </tr> </tbody> </table> <p><i>With construction substantially complete, we have achieved a 28 per cent reduction on our anticipated carbon footprint of ~770,000 tCO₂e. Our verified scope 3 (embedded) carbon emissions is 553,625tCO₂e for the project's construction phase. A third party undertook a critical review of our scope 3 (embedded) emissions against the Greenhouse Gas Protocol guidance on assurance and verification on our scope 3 (embedded) carbon emissions up until 31 March 2024. Further details can be found in our 2023/24 Sustainability Report.</i></p> <p><i>There are some remaining construction emissions as we finish the final architecture and landscaping and other above ground completions. In addition, there will be further scope 3 emissions throughout the commissioning and operational phases. We consider these emissions to be minimal in relation to the overall carbon footprint (projected to be approximately 2.5 per cent of the total carbon footprint) and therefore, they are not being disclosed or subject to a third party Critical Review.</i></p>		2025/26		FY tCO ₂ e	PTD tCO ₂ e	Scope 1 Emissions – Operational			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 Blue Fin Building.			Location based			Total Scope 2 Emissions	22	563	Scope 3 Emissions – Embedded (Cradle to build)			Total Scope 3 Emissions	50	553,710	<p>The forecast carbon footprint of the project was ~770,000 tCO₂e of which 97.5 per cent is construction carbon as explained in the introduction.</p> <p>Construction phase targets</p> <p>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. 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.</p> <p>Operation phase targets</p> <p>According to the Resilience to Change assessment undertaken as part of the Development Consent Order in 2013, 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 tonnes per year.</p>
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<p>References</p>	<p>Sustainability Statement Legacy Plan Sustainable Finance Framework ESG Databook</p>	<p>Annual Report</p>	<p>Resilience to Change – DCO document Sustainable Finance Framework ESG Databook Works Information</p>																																



ACCOUNTING POLICIES

The Company's financial statements have been prepared and approved by the 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 on a historical cost basis 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. At Handover, the asset under construction will then be de-recognised and converted into a finance lease receivable.

Similarly, during the construction phase, any regulated revenue amounts received and due to receive from Thames Water, will be accounted for as advanced payment liability and deferred income on the Statement of Financial Position. The revenue amounts received from Thames Water are treated as prepaid lease payments. At Handover, these will be de-recognised and converted into a finance lease receivable when the control of the tunnel is transferred to Thames Water. Post Handover 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 accounts 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 £346.0m (2024/25: £3.5m), with no dividends paid or proposed (2024/25: £nil). We recognised net deferred tax assets of £359.9m in current year which mainly relates to the temporary differences arising from carried forward interest expenses, tax losses and financial instruments. We did not recognise any taxable profits in the period (2024/25: £nil) and the resulting corporation tax charge for the period was £nil (2024/25: £nil).

We do not consider that the reported profit in the year reflects our business performance, as it results from the deferred tax recognition and the movement in the fair value in the Company's derivative financial instruments. These derivative financial instruments are long-term swaps which we entered into with financial institutions to reduce the Company's exposures to interest rate risk and associate our finance costs to inflation for our regulatory period. This ensures that we benefit from the economic hedge formed with our revenue and RCV which are linked to inflation.

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 2026	Year Ended 31 March 2025
Net Book Value Brought Forward	5,772.9	5,400.7
Additions (Capitalised Costs)*	329.9	372.2
Net Book Value Carried Forward	6,102.8	5,772.9

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

At 31 March 2026, costs of £6,102.8m were capitalised within the asset under construction in the Statement of Financial Position. This represents £329.9m costs during the year and £5,772.9m for the prior periods to 31 March 2025.

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 2026	Year Ended 31 March 2025
Direct Costs	67.0	122.3
Indirect Costs	48.4	54.2
Total Allowable	115.4	176.5
Excluded Costs	214.5	195.7
Total Capitalised Costs	329.9	372.2

DIRECT COSTS

Direct costs primarily comprise the Main Works Contractor costs and the System Integrator contract, reflecting costs directly related to tunnel commissioning, landscaping and architectural works and marine related river works. Direct costs have decreased compared with 2024/25 as the project approaches completion.

INDIRECT COSTS

The largest indirect cost is Resource Costs of £34.8m. This represents the cost to employ an average of c160 Full Time Equivalents (FTEs) (2024/25 c190 average FTEs) either directly employed or contracted by the Company. Other Indirect Costs totalled £8.4m and include the cost of information systems, insurance, GSP, office and other running costs. Indirect costs have decreased compared with 2024/25 reflecting reduced resource cost.

EXCLUDED COSTS

The Excluded costs (on an accrual basis) for the year ended 31 March 2026 were £214.5m. These mainly comprise of £232.5m of interest expense (including shareholder loan interest), partly offset by £15.2m interest income and £3.2m net credit on financing costs. Excluded costs are higher than 2024/25 mainly as a result of the impact of higher inflation on existing index-linked debts and higher interest expense on new borrowings raised in current year.



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.

Analysis of Project Costs and the Equivalent Net Cash Outflows (£m)	Year Ended 31 March 2026			Year Ended 31 March 2025		
	Costs	Timing Differences	Cash Outflow	Costs	Timing Differences	Cash Outflow
Direct Costs	67.0	14.2	81.2	122.3	30.6	152.9
Indirect Costs	48.4	(0.2)	48.2	54.2	0.9	55.1
Total Allowable	115.4	14.0	129.4	176.5	31.5	208.0
Excluded Costs	214.5	(104.5)	110.0	195.7	(111.3)	84.4
Total	329.9	(90.5)	239.4	372.2	(79.8)	292.4

For the year ended 31 March 2026, our Allowable Project Spend of £129.4m is £14.0m higher than the Allowable costs of £115.4m. The Excluded Project Spend outflow of £110.0m is £104.5m lower than the Excluded Costs of £214.5m. This is mainly due to accretion cost of index-linked third party borrowings for which the associated cash flow will not occur until the future.

NET DEBT AND FINANCING

Net debt at 31 March 2026 was £4,137.1m, which was £360.1m higher than the £3,777.0m net debt at 31 March 2025.

The table below compares the movements in net debt.

Net Debt (£m)	31 March 2026	31 March 2025
Cash*	65.7	111.9
Borrowings**	(3,965.5)	(3,679.6)
Accretion on Index Linked Financial Instruments***	(237.6)	(209.2)
Lease Liabilities	–	(0.1)
Other adjustments	0.3	–
Net Debt	(4,137.1)	(3,777.0)

* 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 2026, the Company's total borrowings were £4,935.9m, being £985.8m of shareholder loans and £3,965.5m of other borrowings which include third party borrowings and intra group debt, less £15.4m of unamortised debt issue costs.

CASH

Cash and cash equivalents at 31 March 2026 was £65.7m, which was £46.2m lower than the £111.9m cash and cash equivalents at 31 March 2025. The table below shows the movement in cash:

Cash Flows (£m)	Year Ended 31 March 2026	Year Ended 31 March 2025
Cash generated from operations before changes in working capital	–	–
(Increase)/decrease in trade and other receivables	(2.1)	6.4
Decrease in trade and other payables	(15.0)	(44.3)
Increase in advance payment liability	129.2	128.1
Net cash from operating activities	112.1	90.2
Construction of infrastructure asset	(219.2)	(252.9)
Funds placed in short-term deposits	(310.0)	(70.0)
Short-term deposits matured	150.0	155.0
Repayment of loans from an intra-group company	–	22.4
Net cash used in investing activities	(379.2)	(145.5)
Proceeds from new borrowings	248.8	–
Repayment of borrowings	(27.7)	–
Repayment of lease liabilities	(0.2)	(0.5)
Net cash from/(used in) financing activities	220.9	(0.5)
Net decrease in cash and cash equivalents during the year	(46.2)	(55.8)
Cash and cash equivalents at the beginning of the year	111.9	167.7
Cash and cash equivalents at the end of the year	65.7	111.9

Net cash inflows from operating activities of £112.1m (2025: £90.2m) 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.

Net cash flows used in investing activities of £379.2m (2025: £145.5m) show the gross cash outflows used in constructing the Thames Tideway Tunnel as well as movements to short-term deposits which represent money market funds where cash is held on deposit.

The net cash inflows from financing activities of £220.9m (2025: cash outflows of £0.5m) are largely as a result of £248.8m proceeds from new borrowings, partly offset by repayment of existing loan borrowings £27.7m (2025: £nil).



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 2025/26 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%.

2025/26 performance = 67.9%

2024/25 performance = 68.0%

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

Senior RAR	31 March 2026	31 March 2025
A Net Debt – per CTA (£m)	3,828.3	3,626.7
B RCV – per CTA ¹ (£m)	5,636.7	5,333.0
C Senior RAR (%)	A/B	67.9
		68.0

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

Reconciliation to reported net debt (£m)	31 March 2026	31 March 2025
Net Debt – per CTA	3,828.3	3,626.7
Short-term deposits	305.0	145.0
Other adjustments ²	3.8	5.3
Reported Net Debt	4,137.1	3,777.0

² Adjustments for Premium on £75m bond (series 17) and £150m bond (series 13), partly offset by Discount on £250m bond (series 11), Discount on £300m bond (series 18) and Discount on £250m bond (series 19).

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.

2025/26 performance = 4.2 times

2024/25 performance = 5.8 times

FFO ICR	31 March 2026	31 March 2025
D Net Cash Flow – per CTA (£m)	130.1	129.9
E Debt Interest – per CTA (£m)	31.1	22.4
F FFO ICR	D/E	4.2
		5.8

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

Reconciliation to the Financial Statements (£m)	31 March 2026	31 March 2025
Increase in advance payment liability 2025/2026 ¹	129.2	-
Increase in advance payment liability 2024/2025 ¹	-	128.1
VAT adjustment per CTA	0.9	1.8
Net Cash Flows for CTA	130.1	129.9

Reconciliation to the Financial Statements (£m)	31 March 2026	31 March 2025
Net interest (exc. shareholder loan interest) paid 2025/2026	30.1	-
Net interest (exc. shareholder loan interest) paid 2024/2025	-	21.9
Commitment fees paid 2025/2026	0.9	-
Commitment fees paid 2024/2025	-	0.5
Debt Interest – per CTA ²	31.1	22.4

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 £129.2m (2024/25: £128.1m) 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, when costs are capitalised into the asset under construction, we expect that no corporation tax will be payable. Corporation tax is anticipated to arise from the point of Handover, when Thames Water assumes control of the tunnel and Finance Lease accounting commences.

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 tunnel is transferred to Thames Water. This effectively means the accounting for the tunnel as finance lease will commence at Handover and the recognition of finance lease income is matched to the same period where Thames Water obtains the control of 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 transferred to Thames Water, we expect this position to change.

During the current year, we recognised net deferred tax assets of £359.9m which relate to carried-forward disallowed interest expenses, tax losses and financial instruments. The Company has incurred interest expenses since the inception of the project. The Company has concluded that deferred tax assets will be recoverable when lease accounting is adopted at Handover with the expectation that finance lease income will exceed interest expense going forward and the Company is expected to generate future taxable profit in which the tax losses can be utilised.

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

RISK MANAGEMENT FRAMEWORK

Our risk management approach ensures that we monitor and review the external environment and the uncertainties we face, enabling us to respond effectively to change, mitigate risks where possible, and keep the project and operations on track.

We consider emerging issues that may affect the organisation's future as part of our annual business planning process. Each Director is responsible for identifying and managing emerging risks specific to their Directorate. Emerging risks are identified by horizon scanning by internal experts, directors, managers and staff engaging with external advisors and other third parties and flagging when operational anomalies arise, and stakeholder engagement. This is supported by a Risk Management Strategy, Risk Management Policy and detailed risk management plans that provide directors, management and staff with processes for the identification, recording, analysis and control of risks. As the Company enters a new phase of delivery, we are actively reviewing our approach to assurance to ensure it remains appropriate and fit for purpose.

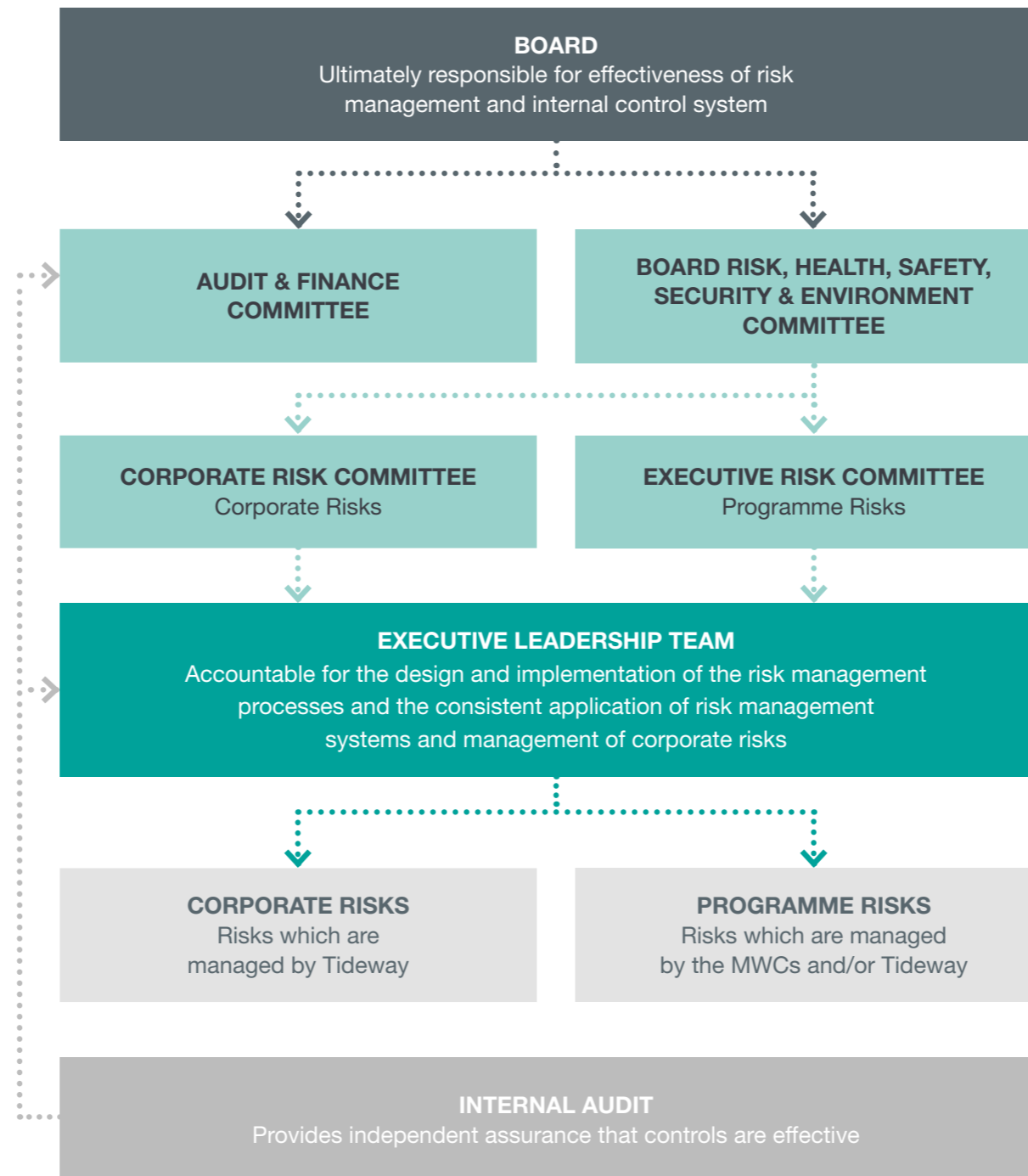
The Board Risk, Health, Safety, Security & Environment Committee reviews our principal risks and risk management arrangements and reports its conclusions to the Board. The Committee considers:

- Corporate risks, which may impact the financial and reputational viability of the Company.
- Programme risks, which affect the physical delivery of the tunnel and associated works.
- Principal risks, which bring together corporate and programme risks, with the potential to have the most material impact on the business.

The Committees provide opportunity for review and challenge of both emerging and current risks and plans for their control and mitigation. The Board Risk, Health, Safety, Security & Environment Committee is supported by the Corporate Risk Committee and the Executive Risk Committee, which considers programme risks across the areas, as well as System Integrator and System Commissioning risks.

We apply the three lines model to review the effectiveness, appropriateness, and compliance of our controls and assurance activities.

OUR RISK MANAGEMENT FRAMEWORK



PRINCIPAL RISKS

We regularly assessed our principal risks, 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 several risks, overall exposure has remained broadly stable. The Regulatory risk exposure was increased to high, reflecting the expectation of substantial changes to water regulators and regulation in the coming years. In this changing environment, focus will be needed to secure a transition to future regulatory arrangements that appropriately reflect Tideway's activities and risks in its post-construction phase.

Thames Water's risk exposure remains high, and we continue to note its evolving financial position. 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 project's benefits.

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 preventing us from meeting our time and cost targets.

Mitigation

The 'RightWay' is our safety and culture initiative focused on ensuring worker safety, health, and well-being. It promotes a culture of care, continuous improvement, and personal responsibility to create a safe environment during construction and operation and maintenance of the project. The EPIC programme continues and is complemented by a training programme specifically for the upcoming maintenance phase, which highlights the specific risks and control measures. Several working groups have been established to identify how to manage risks associated with maintenance works, increased interaction with Thames Water networks and architecture and landscaping, e.g., the Safe Asset Access Working Group, a collaborative forum of MWC, Thames Water, PM and Client and the Maintenance Working Group.

Relevant Objective
SAFE, SUSTAINABLE ASSET MANAGEMENT

Commentary*
NO CHANGE IN RISK LEVEL

MARINE Description

There is a risk that a single marine incident could affect or harm multiple persons 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, on vessels and from riverbanks and bridges, by a dedicated client Marine Operations Manager, ensure compliance with Tideway requirements.

Relevant Objective
SAFE, SUSTAINABLE ASSET MANAGEMENT

Commentary*
NO CHANGE IN RISK LEVEL

2 PROGRAMME DELIVERY

Description

We are completing the delivery of the £4.7 billion capital investment programme and commencing the operations and maintenance phase. While there is experience completing similar projects in London, the completion could take longer than planned and/or cost more.

Effect

A delay in completing the project would delay benefits to Londoners 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.
- Appropriate commercial incentives that target key areas of the programme.
- An integrated, proactive approach to risk management with a focus on the transition from construction / commissioning completion to operations and maintenance phase.
- Commercial settlements to ensure the contractors remain focused on delivery, quality and driving costs down.
- Working closely with Thames Water and key stakeholders to achieve Handover, and building on the system's successful operation to date, we are seeking to agree the appropriate course of action to address weather-related testing uncertainty, optimise performance, and ensure the project's achievements are recognised.

Relevant Objective
SAFE, SUSTAINABLE ASSET MANAGEMENT; RESILIENT FINANCE

Commentary*
NO CHANGE IN RISK LEVEL

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 to 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 jointly and severally liable; the contracts also contain step-in rights, whereby one consortia could replace another, which helps mitigate against financial failure.

Relevant Objective
SAFE, SUSTAINABLE ASSET MANAGEMENT

Commentary*
NO CHANGE IN RISK LEVEL

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 the assets of 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 with similar projects in London. In the unlikely event that we make a claim exceeding our insurance limits, 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 project's construction have now been retired. HILP risks associated with the operation of the tunnel continue to be regularly reviewed and monitored.

Relevant Objective
SAFE, SUSTAINABLE ASSET MANAGEMENT; CONNECTED PEOPLE AND PARTNERS; RESILIENT FINANCE

Commentary*
NO CHANGE IN RISK LEVEL

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 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 the covenants in the licence and financing documents.

Relevant Objective
RESILIENT FINANCE

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 negatively impact Tideway's business. Inflation had stabilised and was previously expected to move toward the 2 per cent target, but forecasts have now shifted, with upward pressure emerging due to the conflict in Iran.

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 negatively impact on our financial covenants, including those related to gearing.

Mitigation

Tideway has issued 68 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 protect interest cover, gearing ratios and equity returns. The RPI reform will be implemented from 2030, with RPI converging to the Consumer Prices Index including owner occupiers' housing costs (CPIH). At that time, Tideway's Licence is expected to have transitioned to CPIH indexation, with a similar timetable for transition into CPIH being a positive development for Tideway.

Relevant Objective
RESILIENT FINANCE

Commentary*
NO CHANGE IN RISK LEVEL

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 a proactive approach to communications and engagement, reflecting the project's evolution. 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
CONNECTED PEOPLE AND PARTNERS

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 to support the 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. A 'Strategic Intent' document agreed between the two parties to optimise the System Commissioning, Handover and System Acceptance of the TTT for the benefit of customers and the environment was implemented with the use of phased activations, commissioning and revised climatic scenarios agreed for System Acceptance.

Water to agree the appropriate course of action, to address weather-related testing uncertainty, optimise performance, and ensure the project's achievements are recognised.

Formal oversight through the Interface Committee, and informal oversight via the 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
SAFE, SUSTAINABLE ASSET MANAGEMENT; RESILIENT FINANCE

Commentary*
NO CHANGE IN RISK LEVEL

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.

Reforms within the Government or to the water sector may affect Tideway's legal and regulatory environment and the requirements it faces. In particular, the water reform bill expected to be progressed by the Government during 2026 is likely to substantially impact Tideway's regulatory and stakeholder landscape.

Mitigation

Mitigations include information gathering and relationship with political stakeholders, legal horizon scanning, and engagement with Defra and the regulator. We engage with reviews of the water sector and economic regulation, and development of new legislation where relevant to Tideway.

Where appropriate, we will highlight differences between Tideway's arrangements and those of incumbent operators, the benefits provided by the competitive bid process and Tideway's model, and Tideway's importance as a benchmark for the successful delivery of major water sector projects.

Relevant Objective
CONNECTED PEOPLE AND PARTNERS; RESILIENT FINANCE

Commentary*
NO CHANGE IN RISK LEVEL

REGULATION Description

Tideway receives a regulated revenue stream from Thames Water's customers. We must comply with regulatory requirements, including those in our licence granted by Ofwat, and aim to meet other regulatory expectations, such as those set out in Ofwat's Vision and Strategy.

Effect

If we do not meet regulatory requirements, we could face enforcement, including financial penalties or the loss of our licence. Failure to align with regulatory expectations could damage Tideway's relationships with its key stakeholders. Should it not be possible to reach timely agreement with key stakeholders on a revised approach to end of project milestones that recognises the impact of uncertain weather, Tideway could face penalties under its regulatory schedule incentive and increased costs, impacting investor returns. Tideway's licence provides for a post construction review following System Acceptance, resetting base costs and adjusting our RCV to take account of incentive outcomes. This is followed by a full price review in 2030. The nature of the arrangements adopted by the regulator at these reviews may affect financial performance and investor returns.

Mitigation

Tideway's focus is on compliance, high performance, and positive regulatory relationships. We monitor regulatory expectations relevant to Tideway and respond appropriately, and we have a robust licence compliance procedure that minimises the risk of non-compliance. Tideway is in active discussions with Ofwat, Environment Agency, Defra and Thames Water regarding an approach to end of project milestones which recognises that the system is delivering its intended benefits, notwithstanding weather-related difficulties in completing full testing. Ofwat has confirmed that, under the current regulatory arrangements Tideway should not be subject to penalties under the Licence, or a potential Licence breach, as result of weather-related delays. The conclusion of these discussions is expected to lead to changes in our regulatory framework to support our objective of protecting the river. We are also planning discussions with the regulator during 2026/27 on how Tideway's post-2030 arrangements can best reflect its activities and risks in the operational phase.

Relevant Objective
CONNECTED PEOPLE AND PARTNERS, RESILIENT FINANCE

Commentary*
INCREASED EXPOSURE

* 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 2033, 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 £3.5bn of long-term financing since Licence Award. As of 31 March 2026, this represented 19 months of liquidity including 100 per cent of funding needs for the remaining works on the project. We expect to be able to raise new finance for any additional funding needs such as debt maturities in the period to 2033.

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 they are 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 notches 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 £4.7bn 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 £4.71bn. 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 £4.75bn. 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 for Environment, Food and Rural Affairs provide contingent equity in respect of a 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 £70m (2025: £121m) and £30m (2025: £71m), respectively, while our cost to completion stands at £155m 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. 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 2033. 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.

- Bad debt has a limited impact on the Company's long-term viability; however, we have modelled three conservative revenue scenarios to assess the effect of material disruption to revenues. Specifically, we have assumed (i) only 50% of revenue is collected for one year; (ii) no revenue is collected for six months but is recovered in the following six months; and (iii) revenue is 25% lower for a period of four years. These scenarios are designed to assess the impact of both bad debt and the potential for Thames Water (TWUL), or a Special Administrator, not paying Tideway revenue for a period before enforcement action is taken by Ofwat or the issue is resolved through the revenue reconciliation mechanism.
- Finally, we have modelled a combined scenario with the plausible downside EAC, 2% lower inflation for 4 years, no revenue collected for a period of six months and 2% higher interest rates for 4 years, which we consider a reasonable composite downside combination of impacts.

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 on the next page.

Long-Term Viability Statement

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 30% (£0.046bn) 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.	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.
	Scenario 2. An increase of 20% to the plausible downside estimate to complete the project (net of any sharing of costs assumed with the Main Works Contractors).	Gearing and interest cover ratios would be consistent with an investment grade rating, and compliant with our financing covenants.	The programme risk is managed through Tideway's risk management framework, which is explained in the previous Risk Management Section.
Inflation Risk Principal Risk No. 6.	Scenario 3. Outturn inflation 1% lower than current forecast for 4 years then reverts to the long term forecast.	68% of Tideway's debt portfolio is linked to inflation, and therefore our assets and liabilities would move in a similar way.	The key mitigation strategy for Scenarios 3, 4, 5, 6, 7 and 8 is that 68% of Tideway's debt portfolio is linked to inflation, and therefore our assets and liabilities would move in a similar way.
	Scenario 4. Outturn inflation 2% lower than current forecast for 4 years then reverts to the long term forecast.	Gearing and interest cover ratios would be consistent with an investment grade rating and compliant with our financing covenants.	The residual risk is considered acceptable.
	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.		
Thames Water (TWUL) Performance – Revenue Collection (Including bad debt) Principal Risk No. 8.	Scenario 9. A 50% under recovery in one year.	Our revenue includes a building block that deals with under recovery of revenue, and therefore the impact of bad debt would be temporary.	The value of revenue collection increases each year as revenue is driven by the RCV, which accumulates over time. However, a key mitigation is the regulatory building block that addresses under recovery of revenue, reducing the risk.
	Scenario 10. No revenue collected in H1 FY26/27.	There is a possible risk that TWUL, given its current financial position, 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.	We have considered the scenario of TWUL or a potential Special Administrator choosing not to pay Tideway's revenue.
	Scenario 11. A 25% under recovery in four years.	Gearing and interest cover ratios would be consistent with an investment grade rating and compliant with our financing covenants.	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.	Gearing and interest cover ratios would be consistent with an investment grade rating and compliant with our financing covenants.	See above.

GOVERNANCE, ASSURANCE AND CONCLUSIONS

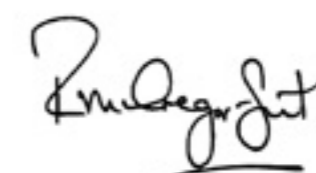
In reaching its conclusion, the Board has taken into account Ofwat's statutory duty to secure that companies can finance their functions and has assumed that there will be no changes to the regulatory framework or Government policy that will adversely affect the Company's viability. The Board also believes 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 2033.

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 10 June 2026 and was signed on its behalf by:



Matt Parr
 Chief Executive Officer

Long-Term Viability Statement

APPENDIX 2 – LTVS FINANCIAL MODELLING RESULTS

The table provides the 2025/26 LTVS financial modelling assumptions and results:

LTVS 2025/26 Financial Modelling

No.	Scenarios	FY25/26 Results			
		IRR to 2033	Min FFO ICR	Average FFO ICR to 2033	Equity injection required?
Q4 2025/26 Financing Review		7.60%	1.67x	2.50x	No
1	Plausible case	7.23%	1.72x	2.59x	No
2	Severe case	7.18%	1.73x	2.58x	No
3	Inflation 1% lower for 4 years	7.26%	1.65x	2.49x	No
4	Inflation 2% lower for 4 years	6.86%	1.67x	2.50x	No
5	Inflation 0% until 2033	5.80%	1.67x	2.52x	No
6	Interest rates 1% higher for 4 years	7.56%	1.60x	2.44x	No
7	Interest rates 2% higher for 4 years	7.52%	1.55x	2.38x	No
8	Interest rates 4% higher until 2033	8.08%	1.44x	2.43x	No
9	50% revenue under recovery in 1 year	7.61%	1.52x	2.46x	No
10	No revenue collected in H1 FY26/27 and recovered in H2	7.60%	1.52x	2.45x	No
11	25% revenue under recovery in 4 years	7.59%	1.32x	2.44x	No
12	Combined case (1+4+7+10)	6.38%	1.50x	2.41x	No

- The FFO (Funds from Operations) ICR results are all above the CTA trigger of 1.3x.
- No scenario results in covenant breaches or requires an equity injection.

The table below compares the 2025/26 LTVS results with 2024/25:

No.	Scenarios	FY25/26 Results				FY24/25 Results			
		IRR to 2033	Min FFO ICR	Average FFO ICR to 2033	Equity injection required?	IRR to 2032	Min FFO ICR	Average FFO ICR to 2032	Equity injection required?
Q4 2025/26 Financing Review		7.60%	1.67x	2.50x	No	7.43%	1.94x	2.78x	No
1	Plausible case	7.23%	1.72x	2.59x	No	7.11%	1.75x	2.85x	No
2	Severe case	7.18%	1.73x	2.58x	No	7.04%	1.77x	2.85x	No
3	Inflation 1% lower for 4 years	7.26%	1.65x	2.49x	No	7.05%	1.92x	2.77x	No
4	Inflation 2% lower for 4 years	6.86%	1.67x	2.50x	No	6.64%	1.90x	2.78x	No
5	Inflation 0% until 2033	5.80%	1.67x	2.52x	No	5.39%	1.96x	2.83x	No
6	Interest rates 1% higher for 4 years	7.56%	1.60x	2.44x	No	7.37%	1.81x	2.68x	No
7	Interest rates 2% higher for 4 years	7.52%	1.55x	2.38x	No	7.30%	1.69x	2.59x	No
8	Interest rates 4% higher until 2033	8.08%	1.44x	2.43x	No	7.52%	1.49x	2.50x	No
9	50% revenue under recovery in 1 year	7.61%	1.52x	2.46x	No	7.43%	2.15x	2.74x	No
10	No revenue collected in H1 FY26/27 and recovered in H2	7.60%	1.52x	2.45x	No	New scenario in FY25/26			No
11	25% revenue under recovery in 4 years	7.59%	1.32x	2.44x	No	New scenario in FY25/26			No
12	Combined case (1+4+7+10)	6.38%	1.50x	2.41x	No	6.18%	1.42x	2.56x	No

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 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 Board's principal activities, how the interests of stakeholders were taken into account and the outcomes of those activities.

LONG TERM DECISION MAKING

The Directors understand the evolving nature of the project and the challenges of ensuring the business is prepared for its current and future phases. Our strategy, objectives and priorities for 2026/27 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 company's future phases.

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 organisation's capabilities to support and encourage efficient delivery through a motivated and empowered team. The Board has been briefed on internal resource requirements as the organisation moved through the commissioning phase of the project towards handover and its transition from a construction to an operational organisation. Mohammed Saddiq, in his capacity as the designated Non-Executive Director representing workforce matters, met with employee representatives and reported their views to the Board. For more information, see the Connected People and Partners section of the Strategic Report for a report from Mohammed Saddiq, the Non-Executive Director representing workforce matters.

RELATIONSHIPS WITH SUPPLIERS, CUSTOMERS AND OTHERS

The Alliance brings together Tideway, Thames Water, the Programme Manager, the MWCs and the System Integrator. We share lessons learned that enable us to best deliver the project. This year, the Board have scrutinised the significant collaborative planning undertaken to deliver system commissioning.

Our legacy commitments include supporting ethical sourcing in the supply chain. See the Vision, Purpose and Values section of the Strategic Report for further details. 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 approach, see the Vision, Purpose and Values section of the Strategic Report.

Bazalgette Embankment, adjacent to Blackfriars Bridge, opened in January 2026 and has since become a well-used destination for commuters, tourists and Londoners



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 received the final Legacy Report, which included a progress update toward the delivery of our 54 legacy commitments and the contribution they make to the UN Sustainable Development Goals. See the Connected People and Partners section of the Strategic Report. It also considered a briefing on impact tracking, including water quality monitoring.

The Board's Risk, HSS&E Committee regularly monitored environmental related risks on the risk register.

MAINTAINING A REPUTATION FOR HIGH STANDARDS OF BUSINESS CONDUCT

Demonstrating and communicating our impact is one of Tideway's strategic priorities set out in Our Strategy, Objectives and Priorities for 2026/27. The Company will work to achieve this by maintaining visibility and reputation within the wider infrastructure and water sectors as a means of retaining public accountability.

STAKEHOLDER BODIES

The Independent Compensation Panel and the Independent Complaints Commissioner were independently chaired. For more information, see Engaging with Our Stakeholders.

THE NEED TO ACT FAIRLY 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 strategic and risk management decisions are set out in the Governance Standards 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

	Financing	System Commissioning and progress towards Handover
Summary	<p>Further to the recommendation of the Audit and Finance Committee, the Board approved:</p> <ul style="list-style-type: none"> the £250m blue bond issuance in the public sterling market in June; an amended and restated Liquidity Facility in September; and a refinanced £120m blue Revolving Credit Facility (RCF) in March. 	<p>The Board has scrutinised Tideway's progress during the system commissioning phase and considered the conditions necessary to achieve Handover and elements necessary to satisfy the System Acceptance criteria. In addition to the deep dives presented to the 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:</p> <ul style="list-style-type: none"> progress towards readiness for the commencement of Storm Testing. the criteria for and progress reports during Storm Testing and proposals to mitigate some of the risks arising from Storm Testing. risks and their mitigations in respect of the project's interface with the PLA. progress with Tunnel Inspection plans. <p>The Board also approved amendments to the Handover date and the Completion of the Whole Works date during the year.</p>
Stakeholder considerations	<p>The strengthening of the Group's funding position will provide additional liquidity beyond project completion, which is in the interests of all stakeholders.</p>	<p>Board members received updates on matters affecting the MWCs and the System Integrator, as well as the interfaces with Thames Water and the PLA necessary to achieve phased commissioning.</p> <p>See Our Strategy, Objectives and Priorities for 2026/27 for how progress towards the milestones noted above has shaped plans for the future phases of the project.</p>
Outcomes	<p>The blue bond issuance, the first corporate blue bond in sterling, has strengthened Tideway's liquidity position and demonstrates the continued confidence of debt providers in the company.</p> <p>The increased size of the liquidity facility has removed the need to hold cash in Debt Service Reserve Accounts and improved our gearing metric.</p> <p>The new RCF secured £120m of committed funding for a minimum term of three years.</p>	<p>This oversight has given the Board a good level of assurance about the options being explored for the effective management of the programme schedule and Tideway's continued constructive collaborative approach with our stakeholders to ensure Tideway's interests are protected.</p>

Our Strategy, Objectives & Priorities for 2026/27

As the Company moves toward full operations and long-term asset management, our strategic priorities are evolving to reflect this next phase.

With the tunnel now fully operational and the organisation transitioning beyond construction and commissioning, we are shaping an approach that supports our future role as long-term asset steward. In this context, the Senior Leadership Team and the Board have reviewed and agreed the targets and objectives for 2026/27.

These strategic objectives reflect our future challenges while demonstrating our continued commitment to the principles that have always been and will remain important to Tideway. This includes prioritising the safety and wellbeing of our people, protecting the environment, the relationship we have with London and our partners, and ensuring a resilient financial structure supported by a regulatory environment that delivers fair returns for investors.

As we continue to provide the essential infrastructure to protect the River Thames we will focus on:

- **Delivering our operations safely**, building upon the firm foundation of the 'RightWay' we achieved during construction.
- **Successful project completion and closeout**, with a clear emphasis on establishing the foundations for long-term operations as a regulated utility.
- **Advancing intelligent asset management**, enabling stable, efficient and insight-driven operations across the system and supporting System Acceptance.
- **Embedding trust through robust governance and ESG practices**, reinforcing accountability and transparency in all areas of our work.
- **Strengthening our culture and values** and supporting our people as we transition fully into an operating utility.
- **Demonstrating our impact and strengthening our engagement with stakeholders**, maintaining visibility and reputation within the wider infrastructure and water sectors.
- **Enabling continued innovation**, including the thoughtful and responsible adoption of AI and emerging technologies.
- **Seeking to deliver fair returns to our shareholders**, while shaping a policy and regulatory environment that supports long-term value.

Our future objectives and priorities are summarised opposite:

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
 - Establish robust steady state
- Reliable system performance
 - Establish future industry leading asset information systems
 - Maximise asset availability
 - Monitor asset 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 a people and culture programme to support the evolving organisation
- Implement a stakeholder engagement strategy to support project closeout and positioning of Tideway's role & ambition
- Demonstrate and communicate our impact
- Maintain robust and reliable Information and Management systems

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
- Secure a supportive regulatory regime that delivers fair returns, a foundation for future investment in the major project pipeline to support value for customers and the safeguarding of the environment

RELEVANT PRINCIPAL RISKS:

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



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 2026. In this section, we describe how Tideway's governance operates and the work and activities of the Board and its committees in the year.

This has been a year in which the Board has continued to exercise its oversight of Tideway's progress through System Commissioning towards Handover. During this phase of the project, we have also maintained our commitment to upholding good governance standards as a framework for our decision-making processes and the development and execution of Tideway's strategies.

Tideway continues to follow the Ofwat Principles on Leadership, Transparency and Governance. In addition, it has adopted the principles and the spirit of the 2024 UK Corporate Governance Code (the Code). We comply with all but five of the applicable requirements of the 2024 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); all Directors should be subject to annual re-election (provision 18), the Chair should serve no more than nine years on the Board (provision 19), the Audit Committee should have an exclusively independent non-executive director membership (provision 24) and the Remuneration Committee should have an exclusively independent non-executive membership (provision 32). We explain why, in limited instances, we have decided to take a different approach to that set out under the Code's provisions in our Corporate Governance Statement. We remain satisfied the Board continues to adopt and apply best practice as is appropriate given its specific governance requirements and the overall balance and experience of the Board.

BOARD COMPOSITION AND SUCCESSION

As detailed in my Chairman's statement and on the recommendation of the Nomination Committee, the Board appointed Matt Parr as CEO following Andy Mitchell's stepping down from the post on 1 May 2026. I would like to thank Andy again for his immense contribution to Tideway.

In September 2025, we welcomed Ted Randolph as the Amber Shareholder Director, succeeding Chris Morgan in this role. I thank Chris for his drive and enthusiasm for the Tideway project. I am also pleased to announce that, following the year-end and in accordance with a planned succession, Daniel Pires has replaced Alistair Ray as the Dalmore Shareholder Director. I would like to thank Alistair for his strategic oversight and commitment to Tideway over the years. Ted's infrastructure and investment experience, and Daniel's asset management and acquisitions experience, will serve the Board well as Tideway enters System Acceptance and transitions into an asset-owning entity. You can find out about Ted's induction programme in the Board Induction section.

In the medium term, the Nomination Committee will allow the Board to identify future non-Executive Directors. This will enable the Board's succession planning and appointments to establish the optimal combination of skills, experience and knowledge across our Board, ensuring its readiness to lead Tideway through System Acceptance and beyond. We have developed a detailed Board skills matrix to ensure Tideway's evolving priorities inform our succession planning. A summary of the skills matrix can be found in the Sector Experience/Experience of the Board section. The Board will also remain mindful of the benefits of diversity, inclusion and equal opportunity. Find out more about Tideway's succession planning in our detailed report on our compliance with the Code, which is available on Tideway's [website](#).

BOARD EFFECTIVENESS

In accordance with the Code, during the year we undertook an internally facilitated review of the effectiveness of the Board, its Committees and the Chair. This exercise included an assessment of how well the recommendations from last year's externally facilitated effectiveness review of the Board and its Committees had been taken forward. I am pleased to report that, overall, the outcome of the review was positive with encouraging feedback about the effectiveness of the Board, its Committees and the Chair. Several areas have, however, also been identified for continuing focus in 2026 to enable us to continuously improve as a Board. You can read about the findings from the effectiveness review in the Board Evaluation section.

LOOKING FORWARD

Our focus for 2026 will include succession planning and supporting Tideway's transition from System Commissioning towards System Acceptance. I am confident that the Board's combination of collegiate leadership, independent thinking and commitment to high governance standards stands us in good stead to respond to the opportunities and challenges ahead.

The artist Hew Locke has produced a series of sculptural boats for King Edward Memorial Park, drawing on the site's historical ties to mercantile and dock communities, and the far-reaching impact of Britain's maritime power and trading empire



Introduction

Corporate Governance Statement 2026

Tideway has, from the outset, aimed to achieve the highest standards of corporate governance and to operate in a transparent, collaborative way 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 (BTLG), and to explain, in a manner that is effective, accessible and clear, how we are meeting those 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 that sets out each objective and describes the measures we had in place to meet it. This is available for review on the Tideway [website](#).

The UK Corporate Governance Code

The UK Corporate Governance Code 2024 (the Code) applies to accounting periods beginning on or after 1 January 2025, (except for provision 29 in relation to risk management and internal controls which applies to accounting periods beginning on or after 1 January 2026). We voluntarily measure our governance arrangements against the principles set out in the Code, and we are pleased to report that we complied with the applicable principles set out in the Code except for the following provisions:

- 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 Michael Queen, the 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, 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 that all Directors should be subject to annual re-election.** Tideway is a wholly owned private limited company with a single shareholder. As a result, the company does not hold Annual General Meetings (AGMs) and Directors are not subject to annual re election by shareholders. Our Independent Non-Executive Directors have fixed-term contracts ranging between one and three years.

The Board considers that the objectives of the provision, namely director accountability and effective shareholder oversight, are achieved through the presence of Shareholder Non-Executive Directors on the Board. All Board members have the opportunity to contribute to annual board effectiveness reviews and discuss their personal effectiveness with the Chair during individual annual appraisals.

- iii. **The requirement the Chair should serve no more than nine years on the Board.** The Board understands the requirement that the Chair should serve no more than 9 years on the Board. Michael Queen was appointed as Tideway's Chair following a rigorous recruitment campaign facilitated by search consultants Egon Zehnder 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, two of whom were external. Whilst Michael has served on the Tideway Board for over ten years, the Board regards his continued service as invaluable, given his deep understanding of the business and his work to foster a constructive atmosphere. In addition, his extended tenure offers Board continuity and will facilitate succession planning following the departure of the former Chief Executive Officer, who has served for 11 years at an important stage of the project.

- iv. and v. **The requirements that membership of the Audit Committee and the Remuneration Committee should comprise Independent Non-Executive Directors only.** Both the Audit and Finance Committee and the Remuneration Committee are chaired by an Independent Non-Executive Director. The composition of these committees is consistent with that of the Board and the BTLG standard in that, whilst Shareholder Non-Executive Directors are members, they have an independent majority.

The Board is satisfied that Tideway benefits from the effective challenge and scrutiny of management and financial reporting from the Audit and Finance Committee Shareholder Non-Executive Directors members, given their strong experience in financial oversight, capital markets and large-scale infrastructure investment.

The Board considers it appropriate for Shareholder Directors to serve on the Remuneration Committee, as they gain useful insight from investors when making remuneration decisions. The Board is satisfied that the Committee exercises objective judgement and is mindful of shareholder value.

The Board is satisfied that the activities of the Audit and Finance Committee and the Remuneration Committee are not compromised by the participation of Shareholder Non-Executive Directors. It will keep the composition of both Committees under regular review by the Nomination Committee.

The Board considered the requirement that the chair should be independent on appointment when assessed against the circumstances set out in Provision 10 prior to his appointment in October 2024. 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 have considered the areas of non-compliance with provisions of the Code. They are satisfied that the Code's principles and spirit are met in practice given our specific governance arrangements and the overall balance and experience of the Board.

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](#).

Richard Wentworth's bronze 'loo seat' sculptures at Effra Quay, opened in May 2025, playfully reinterpret everyday sanitaryware while referencing the area's Royal Doulton heritage



Board Leadership, Transparency and Governance

The Board Members

Key to Committees



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** – Collier 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.

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 the first Asian woman to become Chief Executive of a FTSE 250 company and was made a life peer of the House of Lords in 2015. She served as Chair of the Women's Business Council between 2012 and 2016, and she 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, which provided an independent review of 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, 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 Institution 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 a member of the Board Directors of (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 Sep 2017 – July 2024
- **Senior Independent Director** – Network Rail from July 2024 (and **Acting Chair** from July 2024 – Feb 2026)
- **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 headquartered in Vancouver from 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 Institute of People and Organisational Development and is a certified coach and counsellor. She is a member of the Nuclear Decommissioning Authority Remuneration Committee 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.

External Appointments

- **Non-Executive Director & Chair of Remuneration Committee** – Sellafeld Ltd



Mohammed Saddiq

Appointed November 2024

Key Skills and Experience

- Over 33 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 sustainability-focused company. 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 the West of England, Bristol for his contributions to sustainable development.

External Appointments

- **His Majesty's 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



NON-EXECUTIVE SHAREHOLDER DIRECTORS



Ted Randolph
Amber Infrastructure

Appointed September 2025

Key Skills and Experience

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

Background

Edward has worked at Amber Infrastructure since 2017, where he is a Senior Investment Director and an Investment Committee Member. Prior to joining Amber, Edward worked at BlackRock, where he focused on investments in the energy infrastructure sector. He started his career in the Natural Resources Group at Deutsche Bank, advising clients on transactions in the utility, power generation and regulated network sectors, including the 2015 Tideway tender process. He also sits on the board of Energy, a renewable energy developer operational across the CEE region. Edward has an MA in History from Peterhouse, Cambridge.



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).

Before joining Allianz, Andrew was a senior Principal Investor and Asset Manager on 3i's 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
Resigned April 2026

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 Board Member and serves on the Executive and Investment committees. As CIO, Alistair is responsible for asset management and investments in infrastructure assets on behalf of Dalmore investors. Prior to establishing Dalmore, Alistair held senior positions in infrastructure investment businesses, including at Edison Capital, Noble Group, Merrill Lynch and as a founding member of the infrastructure team at 3i Infrastructure plc. Alistair currently sits on the boards of Cory and Cadent. 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.

Chris Morgan resigned as the Amber Non-Executive Shareholder Director on 29 August 2025 and was replaced by Ted Randolph.

Board Leadership, Transparency and Governance

The Board Members

EXECUTIVE DIRECTORS



Andy Mitchell CBE, FREng

Chief Executive Officer

Appointed August 2015
Resigned April 2026

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 the 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 Chair of London Youth Rowing, a youth engagement charity and a longstanding partner of Tideway.



Matt Parr

Chief Executive Officer

Deputy Chief Executive Officer (Until April 2026)
Chief Executive Officer (From May 2026)

Key Skills and Experience

- Extensive experience across the utilities and infrastructure sectors
- Proven track record in strategy, risk, regulatory and government relations.

Background

Matt was appointed Tideway's CEO and joined the Tideway Board on 1 May 2026. Prior to this appointment, he was Deputy CEO at Tideway, responsible for the transition from a project delivery organisation to asset owner and utility.

Matt joined the project in 2011 to focus on funding 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, Matt held various positions at Ofwat. Matt 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 address rising sea levels in the tidal Thames Estuary.



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 Ltd, the company responsible for delivering the 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 of which was 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
Resigned May 2026

Key Skills and Experience

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

Background

Roger joined the project in 2012, took on the role of Asset Management Director in 2014, and then became 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 Asset
Management and Operations

Responsible for asset management and operational delivery of the Thames Tideway Tunnel, including Health & Safety, completion of construction operations, asset health, maintenance protection and strategy. He served on both the Executive Management Team and the Senior Leadership Team during the period.

Background

Stuart joined the project in 2016 and has over 30 years of 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 served on the boards of several group companies and start-ups, including Personal Broadband UK. His early career was with the major project division of Costain on projects including the Jubilee Line Extension and the A34 Newbury Bypass. Stuart is a Chartered Civil Engineer and a member of the Institution of Civil Engineers.



Steve Hails
Business Services and Health,
Safety and Wellbeing Director

Position ceased March 2026

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 was the Chair and a Trustee of Mates in Mind (the mental health charity for UK construction) for nine years until January 2025 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 of 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 a Member of the Project Management Institute.



James Smith
Programme Delivery Director

Resigned April 2026

Responsible for the delivery of all infrastructure across the project.

Background

James joined Tideway in 2013. He has over 30 years' experience 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, the original study that led to the scheme as we see it today.



Lucy Webster
Director of External Affairs
and Communications

Position ceased December 2025

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 preparations for the London 2012 Olympic Games, including planning and land assembly.

SENIOR LEADERSHIP TEAM

A new Senior Leadership Team, reporting to Matt Parr, as the Deputy CEO, was established on 1 November 2025 to lead the organisation through the System Acceptance phase. During the period, the Senior Leadership Team worked closely with the Executive Management Team in readiness to transition the organisation from the final phase of project delivery towards asset ownership.

Jim Avant
Programme Director

Elina Beale
Group Treasurer

Cathal Cunningham
Director of Finance

Henrietta Gibb
Director of Impact and Engagement

Heather Glass
Head of Regulation

Mhairi Weir
Director of Legal

Mark McKean
Head of Business Services
and Systems

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 that it achieves its strategy and objectives, in particular the successful delivery of the Thames Tideway Tunnel, in a way that is consistent with the organisation's values and purpose. 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 the 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 for 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, future regulatory arrangements, 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.

Connected People and Partners

Strategic Priorities, Activities and Actions Arising	Progress
Demonstrate and communicate our impact	Received Tideway's 2025 Legacy Report. Considered a briefing on impact tracking, including water quality monitoring. See Connected People and Partners section.
Deliver an effective people strategy	Received a report from the Independent Non-Executive Director of workforce engagement, Mohammed Saddiq, further to his engagement with employees. Received an update from the Remuneration Committee in respect of their approval of changes to the People Strategy. See Connected People and Partners section.
Manage an effective transition	Received an update from the Nomination Committee in respect of their briefing on the leadership team for the future of Tideway.
Deliver an effective stakeholder engagement strategy	Received briefings on engagement with the Liaison Committee.
Maintain robust and reliable systems	Considered a briefing on Tideway's assessment of the potential of artificial intelligence and plans for leveraging its benefits.
Identify new office premises	Approved move to a new office during 2026/7.

Safe, Sustainable Asset Management

Strategic Priorities, Activities and Actions Arising	Progress
Deliver our operations safely	Received regular monthly performance updates on health, safety and wellbeing, including performance against the Health and Safety Performance Index (HSPI).

Board Leadership, Transparency and Governance

The Board's Role and Responsibilities

BOARD FOCUS AND PRINCIPAL ACTIVITY

Successful Project Completion

Strategic Priorities, Activities and Actions Arising	Progress
Monitoring performance	Reviewed and approved operational matters in accordance with the SoDA. Discussed topics arising from management's monthly operational performance reports including MWC safety, schedule, testing, cost and quality.
Timely Handover & System Acceptance	Reviewed and discussed management's monthly operational performance reports. Received updates from the Board's Risk, HSS&E Committee in respect of their briefings on: <ul style="list-style-type: none"> weather related risks and mitigations to address weather dependent System Acceptance requirements and System Acceptance Risks. Received an update on proposals for the deferral of climatic and heavy filling criteria from Handover and System Acceptance requirements and associated engagement with the Liaison Committee. Received updates on key business activities, including briefings on the steps taken by management in respect of: <ul style="list-style-type: none"> Readiness for Storm Testing; Tideway's interface with the Port of London Authority and its impact on Tideway and the Programme; Options for project close out; Close out of quality issues and progress with the Programme; Scheduling to conclusion of the Programme; and Remote tunnel inspection.
Efficient commercial close out	Received an update from the Board's Risk, HSS&E Committee in respect of their briefing on Handover and Completion of the Whole Works risks and commercial opportunities to support delivery of Handover and System Acceptance target dates.

Ensure Financial Control and Risk Management

Strategic Priorities, Activities and Actions Arising	Progress
Reviewing risk appetite	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.
Accounting	Received an update on a review of Tideway's accounting treatment post System Acceptance.
Provide clear oversight of remaining programme & cost challenges to overall schedule and EAC	Considered briefings on developments in Tideway's oversight of cost control, cost recovery and commercial strategy in respect of Programme related costs.

Strategic Priorities, Activities and Actions Arising	Progress
Reviewing the composition of the Board and monitoring its effectiveness	Received updates from the Nomination Committee on: <ul style="list-style-type: none"> Short to medium term Board succession planning. Approval of the development of a detailed skills and experience audit map to assist with Board succession planning. Their review of the current Executive Team's leaving dates to ensure a smooth transition for the Future Tideway leadership team. Undertook an internal performance review of the Board as a whole, its Committees and the Chair. Individual Directors performance was also reviewed. Approved changes to Board Committee membership following the appointment of a new Shareholder Director as outlined under the Directors' attendance at scheduled Board and Board Committee meetings table.
Ensuring appropriate delegation of authority	Approved 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.
Reviewing Matters Reserved for the Board and Board Committee Terms of Reference	Approved updates to the Committee Terms of Reference.
Monitoring and ensuring good corporate governance	Received governance updates from the Deputy Company Secretary.
Ensuring compliance with duties under the Modern Slavery Act	Reviewed and approved changes to Tideway's Modern Slavery Statement.

Achieve Supportive Regulatory Regime

Strategic Priorities, Activities and Actions Arising	Progress
Monitoring regulatory requirements	Received updates on regulatory developments including briefings on the Independent Water Commission and the associated government white paper. Noted Ofwat's introduction of the Fitness & Propriety Rule for water company directors.
Development of proposals for Tideway's future regulatory regime	Scrutinised anticipated changes to Tideway's regulation in its post-construction phase including proposals for Tideway to engage Ofwat and other stakeholders as appropriate, with the aim of securing future regulatory arrangements that support delivery of Tideway's commitments.
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.

Board Leadership, Transparency and Governance

The Board's Role and Responsibilities

BOARD FOCUS AND PRINCIPAL ACTIVITY

Sustainable Financing

Strategic Priorities, Activities and Actions Arising	Progress
Deliver an effective, resilient and sustainable Financing plan which includes fair returns for investors	Reviewed and approved the Financing Plan. Approved distributions to shareholders and capitalising some of the interest due on the shareholder loan. <i>See the Financing section.</i>
Maintain effective financial reporting and investor engagement	Reviewed, and, on recommendation by the Audit and Finance Committee, approved proposals for: <ul style="list-style-type: none"> • An updated bond prospectus • A public blue bond • An amended and restated Liquidity Facility • The refinancing of a Revolving Credit Facility.

Financial Reporting and Taxation

Strategic Priorities, Activities and Actions Arising	Progress
Maintain effective financial reporting and investor engagement	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.

Chelsea Quay, opened in June 2024, creates a calm new riverside public space on the Thames where Florian Roithmayr's Moving In is subtly integrated into the brick terraces and walls



Board Leadership, Transparency and Governance

Governance Standards

BOARD AND COMMITTEE MEETING ATTENDANCE

The Board is expected under its terms of reference to meet at least seven times a year, and in the period, it met formally six seven times. Two Board workshops were also held during the year and eight 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	Risk, HSS&E Committee	Remuneration Committee	Nomination Committee
Total meetings held in period:	7	4	3	6	3
Independent Non-Executive Directors					
Michael Queen	7/7		3/3	6/6	3/3
Baroness McGregor-Smith	7/7	4/4		6/6	3/3
Mike Putnam	7/7		3/3	6/6	3/3
Shirley Campbell	6/7	4/4	3/3	6/6	3/3
Mohammed Saddiq	7/7	4/4	3/3	6/6	
Shareholder Directors					
Ted Randolph *	4/4	3/3	2/2		
Chris Morgan **	3/3	1/1	1/1		
Andrew Cox	7/7	4/4	3/3	6/6	3/3
Alistair Ray ***	4/7			5/6	3/3
Executive Directors					
Andy Mitchell	7/7				
Mathew Duncan	7/7				
Roger Bailey	6/7				

* Ted Randolph was appointed as a Shareholder Non-Executive Director and a member of the Audit and Finance Committee and the Risk, HSS&E Committee with effect from 03 September 2025.

** Chris Morgan stepped down from the Board on 29 August 2025.

*** Alistair Ray appointed Daniel Pires as his alternate to attend one Board meeting.

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 for 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, in accordance with the Annual Business Plan approved by the Board. During the period, he was 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 that it would be inappropriate to raise through the conventional channels of the 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, as well as 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 four Board Committees during the period. 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 except for the Remuneration and Nomination Committee meetings, which the CEO attends only for all business other than their own remuneration. During the period, Matt Parr, the then Deputy CEO, shadowed the CEO's attendance at some Remuneration and Nomination Committee meetings for business unrelated to his and the CEO's remuneration.

Each Committee has terms of reference, 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 Non-Executive Directors through a secure electronic portal.

Information about the composition and activities of each Committee 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. A summary of the results of a recent detailed Board Skills and Experience questionnaire are set out opposite. The Board will use these results to inform its succession planning, as we recognise that as the project progresses, the matters requiring Board consideration will change. We intend to keep Board members' skills and experience under review.

EXPERIENCE OF THE BOARD

Physical, asset and personal security	45%
Cyber and Digital	50%
People and Remuneration	60%
Commercial	63%
Strategic Communications	70%
Regulated Businesses/ Long Lived Assets	74%
Operational Excellence	75%
Ethics and Sustainability	75%
Risk Management	75%
Health and Safety	75%
Finance	80%
Strategic Leadership	82%

Details of the Tideway Directors, including their period of appointments, are in their biographies. Further information on the process for Board appointments and succession arrangements is available on the [Tideway website](#).

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 briefings on a broad range of topics, including progress on system commissioning, preparations for handover including tunnel inspections, and the development of the project completion strategy. The Board also had regular communications regarding the company's interface with the Port of London Authority. The Board also received updates on impact tracking, including water quality monitoring, along with an assessment of the Company's use of Artificial Intelligence and a roadmap to leverage its benefits. All Board members were offered the chance to visit our sites to speak directly to our employees responsible for delivering the project and attend events marking the completion of the construction of public realm sites.

BOARD EVALUATION

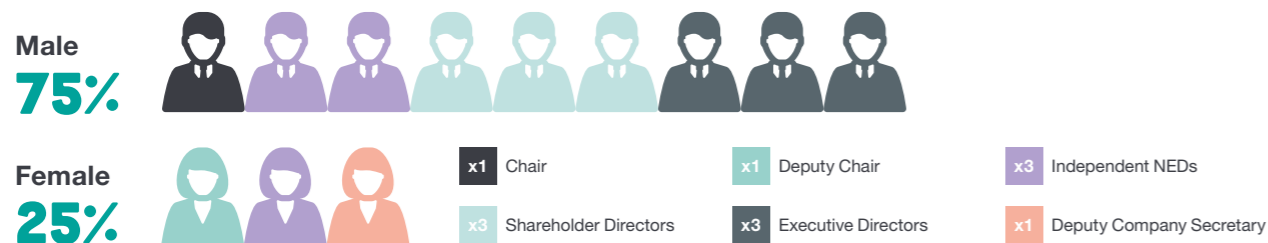
The performance and effectiveness of the Board, its Committees and the Chair are reviewed every year through a formal evaluation process. In addition, the individual performance, tenure and independence of each Director are appraised on an annual basis. In line with best practice, both exercises are typically facilitated externally every three years. An external evaluation was completed by Aspida Advisory Services Limited (Aspida) in 2025.

Recommendations from 2025 evaluation	Action taken in 2025
More concise board papers with more time to review them prior to meetings.	The Board paper template has been refreshed and management were asked to ensure papers are produced in accordance with circulated Board pack production timelines.
Create a glossary of abbreviated terms of all Board papers.	Board paper and the Board Performance Report templates now contain a glossary of abbreviated terms.
More collaboration between the Chair and Chairs of the Board Committees and the Deputy Company Secretary when creating agendas in respect of timing.	Agendas continue to be circulated for the Chair and Chairs of the Board Committees for their review and amendment. Meetings to discuss agendas were also held during the period.
Schedule occasional pre-Board dinner meetings.	One Board dinner was scheduled during the year.
Consider production of a skills and expertise map for the Board and key executives.	Digital third-party solutions for skills audits were investigated during the period. The Nomination Committee has opted to conduct this exercise internally.

This year's annual evaluation was internal and facilitated by the Deputy Company Secretary. Each Director completed a questionnaire to provide their perspectives on all aspects of the Board, its Committees' and the Chair's effectiveness. The questions asked Board members to assess whether Aspida's recommendations had been sufficiently addressed, Board composition and dynamics, succession planning, risk evaluation, appropriate focus, the connectivity between the Board and its Committees, the Chairman's leadership and areas of focus in the short to medium term and the extent to which the Board had fulfilled the objectives of Ofwat's Principles of board leadership, transparency and governance.

BOARD COMPOSITION, SUCCESSION, DEVELOPMENT, EVALUATION AND INDUCTION

Board composition as at 31 March 2026



Board Leadership, Transparency and Governance

Governance Framework

A report was subsequently prepared and presented to the Board for consideration and discussion, including formal recommendations which were discussed and approved by the Board. A report was compiled for the SID to facilitate the Chair's evaluation, whilst the Chair received a report to facilitate the evaluation of the individual Directors.

Overall, the performance of the Board and its committees were viewed positively. The effectiveness and connectivity of the Board Committees with the Board, the Board's culture and setting of Tideway's purpose, strategy and values to reflect the needs of its stakeholders were rated highly. Positive observations from Board members included that the Board continued to discuss matters openly and collectively, the Board remained conscious of the need for succession planning at Board level as the project transitions through to the System Acceptance Phase. It was noted that the Chair was an effective leader of the Board and its agendas, adopting a collegiate approach to chairing the Board and way of working with the Board. Whilst no material findings were identified, the following principal areas were identified for actions to further develop the Board's effectiveness:

Principal Areas Identified for Action in the 2026 Evaluation	Proposed Action in 2026
The Board requested further improvement on the length and focus of Board and Board Committee papers.	<ul style="list-style-type: none"> Simplifying the format of Board Performance Report in readiness for post-Handover reporting. Providing executive summaries of financing transactions in addition to the transaction documents.
The Board requested more time to reflect on issues to be presented during Deep Dives and Informal Briefings.	Tideway management has started and will continue to circulate Deep Dives/Informal Briefing slides and papers ahead of their presentation to the Board/Board Committees.
A minimum of two Board dinners per year to be scheduled.	Chair and Chief Executive will identify appropriate times in the year to schedule two Board dinners in the year. Flexibility to be retained to schedule more dinners if required.
The Board identified several matters for discussion in the coming months.	Tideway management will review the matters the Board has identified. The Chief Executive will discuss the proposed response to the list with the Chair.

An update on the 2026 actions will be provided in Tideway's 2026 Annual Report.

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 can 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 a Shareholder Non-Executive Director in September 2025, Ted Randolph undertook a tailored onboarding where he 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. Ted also met with Ofwat representatives as part of his induction programme and in accordance with Ofwat expectations for new Board appointments.

Ted undertook a site visit with Roger Bailey, the CTO and received briefings from the CFO and the Group Treasurer on Tideway's financing structure in connection with his joining the Audit & Finance Committee. He also received a digital induction pack which includes key corporate documents and information on Tideway, the Board and its Committees, corporate governance arrangements and codes.

Post 31 March 2026, Daniel Pires was appointed as a Shareholder Non-Executive Director. His induction will be reported on in the 2027 Annual Report.



In September 2025, Tideway welcomed Her Royal Highness The Princess Royal to Bazalgette Embankment to formally switch on the Waterwall, an 8m-high sculpture developed as part of a series by artist Nathan Coley

Committee Reports

Nomination Committee Report

Michael Queen

Chair of Nomination Committee



The Nomination Committee comprises four Independent Non-Executive Directors and two Shareholder Directors, with a majority of Independent Non-Executive Directors.

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 employees members.

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 renewing of Mike Putnam's appointment as an Independent Non-Executive Director.
Executive Succession	The succession planning for the Executive Management Team, including the overview of the appointment of the new senior leadership team and implementing of the plans for the Deputy CEO to take over as CEO as the Company moved from a construction to an operations focus.
Board Skills and Experience	A review of Board skill and current end dates of Board members with a view to ensuring appropriate steps are taken to recruit new members with relevant skills and experience.

Michael Queen
Chair of Nomination Committee

At Greenwich Pumping Station, artist Lubna Chowdhary's *Optical Flow* is subtly integrated into the site's infrastructure, drawing on the history of railway signalling to create a shifting artwork glimpsed from passing trains



Committee Reports

Risk, Health, Safety, Security & Environment Committee Report

Mike Putnam

Chair of Risk, HSS&E Committee



During this year of transition, Tideway has continued to invest in its support for a safe and healthy workforce and workplaces across the Thames Tideway Tunnel worksites and our head office and monitor the effectiveness of the Group's evolving risk management and internal controls framework.

The Risk, Health, Safety, Security and Environment Committee (Risk, HSS&E Committee) has provided oversight of Tideway's management of the range and complexity of its risk profile and its health, safety, security and environmental strategy and objectives to ensure successful completion and management of the Thames Tideway Tunnel.

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 Ted Randolph, one of Tideway's Shareholder Non-Executive Directors, as a member mid-year. Daniel Pires, who was appointed as a Shareholder Non-Executive Director post balance sheet date, has also joined the 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 has been supported by two executive-level risk committees. The Corporate Risk Committee was chaired by the former Deputy CEO and meets every six months to consider corporate risks and principal risks that may affect the business's viability. The role of chair of the Corporate Risk Committee was assumed mid-year by the Head of Business Services and Systems. The Executive Risk Committee, chaired by the CFO, meets regularly to review programme risks that could affect the physical delivery of the project. I had regular meetings with the former Deputy CEO, the Head of Business Services and Systems and the CFO to help ensure proper information flows from these committees, up to the Board's Risk, HSS&E Committee. In addition, the Committee is supported by executive-level Monthly Management Review meetings, which were jointly chaired by the CEO and the Deputy CEO and include an in-depth review of matters related to health, safety and wellbeing.

ACTIVITIES

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

Subject	Activities
Risk appetite monitoring	Assessed 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 updates on the status of the Integrated Assurance Framework Overview and use of the Monthly Management Group to review Tideway's compliance and assurance status on a half-yearly basis.
Document management	Received updates on changes to Tideway's management system.
Internal controls	Reviewed Tideway's Risk Management Policy and Risk Management Strategy.
Deep dive on Weather risks and their impact on Handover/System Acceptance	In June, the Committee considered weather risks and their potential impact on the critical paths to Handover, Storm Testing and System Acceptance. Contingencies intended to manage these risks were also reviewed.
Deep dive on Programme and Commercial Risks	In November, the Committee considered the remaining programme risks to Handover and Completion of all of the Works and actions taken to mitigate schedule delays.
Deep dive on System Acceptance readiness	In March, the Committee considered System Acceptance readiness risks. Options for mitigation were also reviewed.
Annual effectiveness review	Carried out an annual review of effectiveness which considered: <ul style="list-style-type: none"> 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.
HSW performance	Reviewed detailed reports on the HSW performance of the MWCs, Programme Manager and Tideway. Amongst others, this included considering the findings from internal and HSE investigations into a diver incident and how learnings from the incident had been cascaded to all of the MWCs. In the context of achieving an equivalent high level of HSW performance in the marine environment.
HSW Risk register	Reviewed and considered the priority of matters included in the HSW risk register.
HSW strategy for the Future Tideway	Noted the development of new HSW arrangements and the elements of a new performance measurement post-Handover.

Committee Reports

Audit and Finance Committee Report

Baroness McGregor-Smith CBE
Chair of Audit and Finance Committee



As highlighted in the Governance Report biographies, the Committee's members have an appropriate balance of recent and relevant financial and accounting experience, and an in-depth understanding of Tideway's business and the infrastructure sector. I am a chartered accountant and a Fellow of the ICAEW.

The Committee has a blend of long-standing and more recent members as the Tideway Board evolves.

There is a majority of independent Committee members, with 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, including consideration of the different disclosure requirements for the Bond prospectus, investor report and the Annual Report and Accounts.
Annual external audit	Considered issues arising from the statutory and regulatory audits.
Internal audit	Approved the Internal Audit policy, the annual audit plan and subsequent updates. Monitored Internal Audit reports and the status of subsequent management actions. Reviewed the independence and effectiveness of the Internal Audit function.
External auditor	Reviewed the reappointment of the external auditor, including considering the external auditor's independence and objectivity, and subsequently recommended reappointment to the Board.
Compliance and assurance	Considered the company's approach to compliance and assurance, including the requirements under the Economic Corporate Crime and Transparency Act.
Whistleblowing	Reviewed the company's whistleblowing arrangements.
Financial and narrative reporting	Reviewed the company's approach to annual reporting including regulatory requirements.
Sustainable finance	Considered the company's approach to ESG ratings and options for sustainable debt financing.
Bond prospectus	Reviewed updates to the Prospectus to support Tideway's blue bond financing strategy.
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.
Distributions	Reviewed the performance of Tideway's financing strategy and approved the financing plan for the year.
Funding, hedging and investment	Considered opportunities relating to funding, hedging and investment management including the recommendation of: <ul style="list-style-type: none"> • entry into an amended and restated liquidity facility; • entry into a refinanced revolving credit facility; and • a blue bond issuance in the public sterling market to the Board. Considered options for hedging and swap accretion paydown.
Accounting and tax	Received reports on ongoing analysis of Tideway's accounting and tax position as the project progresses towards its operational phase.
Financial model	Considered an update on the review of the company's long term financial model.
Modern slavery	Received refresher training about the anti-modern slavery legislative framework, risk indicators of modern slavery and Tideway's anti modern slavery procurement and employment processes.

Committee Reports

Audit and Finance Committee Report

SIGNIFICANT MATTERS CONSIDERED IN RESPECT OF THE 2025/26 FINANCIAL STATEMENTS

The Audit and Finance Committee has considered several significant issues related to the financial statements. These mainly relate to the judgements on 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 to 31 March 2026, including changes from 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 period;
- the evidence supporting the assumption that the accounts 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 accounts.

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 across the whole of the business, providing the Committee assurance on the adequacy of the internal controls.

The Senior Audit Consultant is considered independent of management. The Senior Audit Consultant and the Head of Internal Audit, the predecessor in the role, reported functionally to the CFO in the period. To help preserve the function's independence, the role holders reported directly to and regularly met with the Chair of the Audit and Finance Committee, without Executive management 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.

CONFIDENTIAL REPORTING PROCEDURES AND WHISTLEBLOWING

The Committee is responsible for ensuring that Tideway has systems in place that 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 raise any concerns with line management first. Following a review, Tideway's confidential whistleblowing reporting process with Crimestoppers was switched off mid-year due to lack of use. Calls are now directed via the Tideway helpdesk to the General Counsel in their capacity as Whistleblowing Officer. The Whistleblowing Officer role monitors, investigates and reports to the Committee on any concerns raised and the resulting outcome. Company-wide training has been rolled out to raise awareness in this area. Based on the Committee's oversight of the whistleblowing process, the Committee considers that the process is effective.

AUDITORS' APPOINTMENT, INDEPENDENCE AND OBJECTIVITY

The Committee keeps PwC's performance, independence and appointment under regular review. In addition, the CFO and the Director of Finance have 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 period 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;
- arrangements for the delivery of the external audit; and
- future accounting treatment for the TTT.

The Audit and Finance Committee reviews the non-audit services provided by the external auditor, taking into account relevant ethical guidance. 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 audit.

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

Fees for non-audit services paid to Auditors	2026 £'000	2025 £'000
Non-audit services		
Other regulatory assurance services	35	33
Bond prospectus services	80	–
Total	115	33

We have met the PwC engagement partner to discuss matters without the Executive management in attendance. The Committee has also reviewed the audit performance with the Executive team. The Committee concluded it is satisfied with the independence of the auditor and the overall quality of the audit process and accordingly, the Committee agreed to recommend PwC's reappointment as auditor for the 2026/27 financial year.

This report was approved by the Board of Directors on 10 June 2026.

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

Committee Reports

Remuneration Committee Report

Shirley Campbell

Chair of Remuneration Committee



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. Tideway has a new Senior Leadership Team in place. A handover with the previous senior team commenced in November 2025 and has now been successfully completed.

COMPOSITION

The Committee has four Independent Non-Executive Directors (including myself) and two Shareholder Directors. 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 those relating to his own remuneration. Independent advisors attend meetings by invitation and the HR Lead 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 equitable of application of the 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 is 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. This year we have three objectives: 1. Safe Sustainable Asset Management, 2. Connected People and Partners and 3. Resilient Finance.

In this way, we align the interests of customers, who ultimately pay for the project through their water bills, with those of investors who fund the project and deliver 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](#).

KEY ACTIVITIES DURING THE YEAR

Tideway has been a dynamic, multi-year construction project, requiring a progression of skills and expertise over its life, in a competitive employment market. Over the last year, it has begun transitioning into an asset owner and operator. In line with this, Tideway's remuneration policies have evolved in order to incentivise the completion of the construction project and to retain and attract employees at all levels with the skills and experience to meet future challenges. A new organisational structure was implemented in November 2025, with a focus on the Company's future priorities. The existing structure ran alongside this to complete the final stages of the construction project.

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 average pay increases to employees of 3.8 per cent.

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.

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.

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 that 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 Tideway's success that we offer an attractive overall compensation and benefits package.

Reward is based on total compensation, including 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 does take place.

Pensions are contributed 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 levels of medical insurance coverage).

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

All eligible employees 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.

Executive Management Team and Senior Leadership Team (senior leadership) remuneration comprises base salary, an annual bonus and retention arrangements. Maximum bonus opportunities for senior leadership range from 20 per cent to 50 per cent of salary, depending on their seniority and role. Changes to the remuneration policy for senior management are presented for approval by the Remuneration Committee.

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 by an individual's performance and internal and external relativities.

GENDER AND ETHNICITY PAY GAP REPORTING

As Tideway employs fewer 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 to reduce them. In a traditionally male-dominated industry, we continue to look at ways to reverse imbalances through measures such as inclusive recruitment, mentoring, promoting flexible working and targeted development opportunities.

We are proud that 53 per cent of Tideway employees are women and that half of the new senior leadership team are women.

We continue to take practical steps to achieve our broader diversity and employment goals, including an employee network, Encompass. The Company will continue to work towards increased diversity of representation across all levels of the Company.

MALUS AND CLAWBACK

In line with UK corporate governance best practice, the Remuneration Committee may, in its absolute discretion (such discretion, if exercised, to be exercised on a reasonable basis), reduce (including to nil) the accrued award (malus) or require the repayment (within two years of payment) of amounts up to the value of the award if already paid (clawback), to take account of such circumstances as Remuneration Committee may reasonably determine, including without limitation any of the following:

- Material financial misstatement
- Action or conduct of a participant that amounts to fraud or gross misconduct
- Poor health and safety performance
- Events or the behaviour of a participant that have led to censure of the Company or Group with a finding of poor regulatory performance or caused serious reputational damage or material loss
- Poor project performance, either schedule and/or
- Failure to deliver expected value to customers.

During the year, the Remuneration Committee has not needed to apply clawback or malus to any payments to Executive Directors or other eligible participants.

Committee Reports

Remuneration Committee Report

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 2026, 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: <ul style="list-style-type: none"> • 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: <ul style="list-style-type: none"> • 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 2025/26 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, and 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 2025/26 were: CEO – 65% CFO – 65% CTO – 65%		
Performance metrics	Objective	Requirement	2025/26 Target	Achievement
	Safe Sustainable Asset Management	Deliver our operations safely.	Safety record better than other recent major projects. Zero significant safety incidents.	Strong safety performance zero significant incidents.
	Successful Operational Performance	Successful project completion.	Timely Handover and System Acceptance.	Handover milestone was not achieved in the financial year.
			Efficient commercial close out. Establish steady state operations.	Commercial close out strategy has been developed. Steady state has been established.
		Reliable system performance.	Maximise asset availability. Monitor asset performance.	No unplanned flows into the river during the period. All planned maintenance carried out as per plan.
Connected People and Partners	Effective people and engagement strategies.	Deliver an effective people strategy and transition. Effective close out of project communications underway to secure a positive reputational legacy and shape the post project phase.	Following the appointment of the new Senior Leadership Team in November 2025, a programme of internal engagement has been undertaken across Tideway. These engagements have supported a smooth transition and have generated positive feedback from employees. Final legacy statement published. Water quality monitoring underway. Strong national media coverage continues, reinforcing Tideway's success.	
Resilient Finance	Deliver an effective, resilient and sustainable financing plan which includes fair returns for investors. Ensure financial control and risk management. Achieve supportive regulatory regime.	Liquidity, credit metrics and distributions in line with Business Plan. Provide clear oversight on remaining programme & cost challenges. Development of future regulatory approach.	Tideway continues to demonstrate strong financial resilience. Credit ratings remain unchanged. Programme challenges have resulted in EAC pressures. Workstream ongoing.	

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 Safe Sustainable Asset Management, Connected People and Partners and Resilient Finance. Delivering the operational tunnel will help achieve the 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 50 per cent Company targets and 50 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.
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 a 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 on notice or has 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, 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	The CEO and CFO will be recipients of an Additional Retention Award to be paid on successfully achieving System Acceptance: CEO award of £300,000. CFO award of £200,000.
Performance metrics	Not applicable.



At Bazalgette Embankment, Nathan Coley's sculptural frames draw attention to carefully aligned views of St Paul's Cathedral, encouraging visitors to pause and engage with the city's skyline

Committee Reports

Remuneration Committee Report

Executive Director Retention Arrangements Applicable to the CEO, CFO and CTO	
Purpose and strategy	To reward performance, 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 2 (37.5%) (CTO only) at Handover or as per contractual terms 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.
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 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

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 are in the Governance Report.

Committee Reports

Remuneration Committee Report

REMUNERATION

The total remuneration earned by each Director is shown in the following tables.

Year Ended 31 March 2026	Base Salary £'000	Taxable Benefits £'000	Annual Bonus £'000	LTIP £'000	Retention Bonus £'000	Pension Contributions £'000	Total £'000
Andy Mitchell	555	18	440	-	-	4	1,017
Mathew Duncan	374	24	234	-	-	10	642
Roger Bailey	359	17	224	-	-	4	604
Mike Putnam	70	6	-	-	-	-	76
Shirley Campbell	70	-	-	-	-	-	70
Michael Queen	195	-	-	-	-	-	195
Baroness Ruby McGregor-Smith	100	-	-	-	-	-	100
Mohammed Saddiq	70	-	-	-	-	-	70
Total	1,793	65	898	-	-	18	2,774

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.

*** Shirley 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.

RECRUITMENT REMUNERATION POLICY

We use the policy outlined above when determining 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 10 June 2026.

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 31 March 2026.

Shareholder and Shareholding	Description
<p>Allianz Infrastructure Luxembourg I S.a.r.l. 34.26%</p> <p>Allianz European Infrastructure II Acquisition Holdings S.a.r.l. 4.09%</p>	<p>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.</p> <p>Allianz is one of the world's largest investors, managing around €764 billion** on behalf of its insurance customers. Furthermore, its asset managers PIMCO and Allianz Global Investors manage about €2.0 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 €186.9 billion and an operating profit of €17.4 billion for the group.</p> <p>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.</p>
<p>Dalmore Capital 14 GP Limited 33.76%</p> <p>Auger Bore Investments Limited 2.88%</p> <p>(Both Dalmore related entities)</p>	<p>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.</p>
<p>IPP (Bazalgette) Limited 17.90%</p> <p>Bazalgette (Investments) Limited 7.11%</p> <p>(Both Amber related entities)</p>	<p>Amber Infrastructure is a specialist international infrastructure manager, focused on investment origination, asset management and fund management. Amber currently manages or advises nine funds and managed accounts (two listed and seven private), this includes International Public Partnerships Limited (INPP, a London Stock Exchange listed Investment Company). Amber has c.£5 billion in funds under management as at 31 December 2025.</p> <p>With a presence across 11 countries, Amber manages over 200 infrastructure investments representing total assets under management of £14 billion (c.\$19.1 billion) as at 31 December 2025. Amber's core business focuses on managing infrastructure assets across the public, transport, energy, digital and demographic infrastructure sectors internationally. Amber is headquartered in London with offices in Europe, North America, Australia and New Zealand.</p> <p>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 \$38 billion in assets under management and over 300 employees with offices in eight US cities and twelve countries.</p> <p>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 288.3bn as of 31 December 2025. The core competencies of Swiss Life Asset Managers lie in actively managed solutions in Infrastructure, Real Estate, Fixed Income, Equities and Multi-Asset classes.</p>

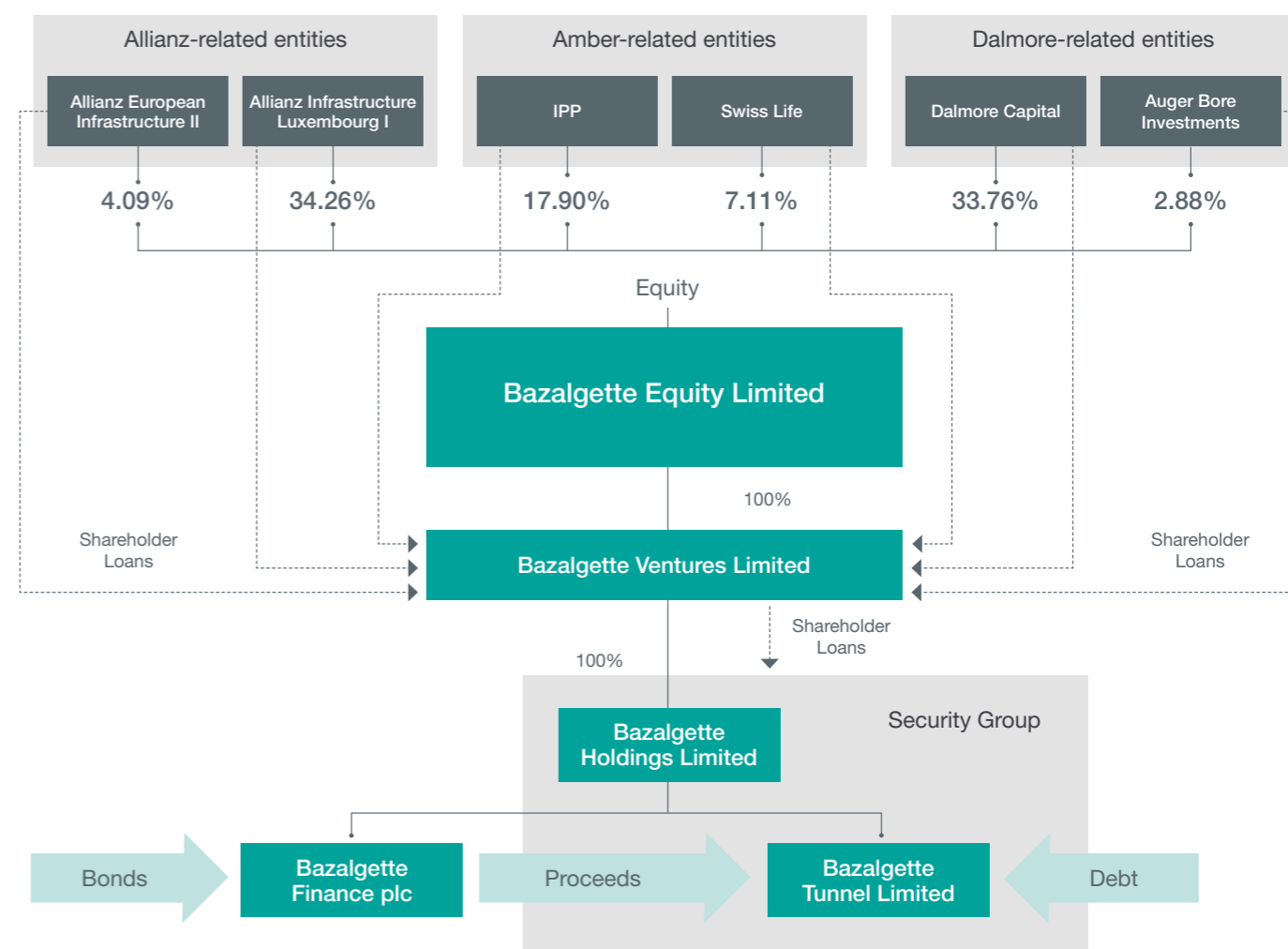
The Shareholder Directors are the primary conduit by which the Board interacts with the shareholders and understands their views, both individually and collectively. As described in the Corporate Governance Statement 2026, a number of arrangements are in place to ensure Tideway maintains an independent Board for strategic and risk management decisions. It does not hold Annual General Meetings (AGMs). Matters reserved to shareholders are detailed here, together with a description of the one occasion in the year when these reserved powers arose.

* Including non-consolidated entities with Allianz customers.

** As of 31 March 2026.

TIDEWAY GROUP STRUCTURE

Bazalgette Tunnel Limited is part of a group of companies. Its immediate parent company is Bazalgette Holdings Limited, which, in turn, is 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 are described here.



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 for Environment, Food and Rural Affairs 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

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 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 <i>Tideway's Annual Performance Report</i> 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	<p>Entering into or materially changing a material contract, to the extent not contemplated by the annual Business Plan or Budget.</p> <p>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.</p> <p>Entering into any guarantee in excess of 5% of RCV.</p> <p>The appointment to the Board or removal of an Executive Director, as recommended by the Nomination Committee.</p> <p>The conduct of litigation and claims involving any Tideway group company, where the potential liability may exceed 5% of RCV.</p> <p>Any material submission or application to Ofwat, whether pursuant to the Licence or otherwise.</p> <p>Any request that Ofwat refer a matter to the Competition and Markets Authority.</p> <p>The submission of any material tax claim, disclaimer, election or consent.</p> <p>The issuance or withdrawal of notices pursuant to the Government Support Package.</p> <p>The replacement of a MWC, System Integrator or Project Manager during the Construction Period.</p> <p>The appointment of a Tideway representative to the Liaison Committee and any voting in relation to material variations to the scope of the project.</p> <p>The approval of or entry into a related party transaction.</p>

SHAREHOLDER RESERVED MATTERS

There is 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 the 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 for 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.

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.

OUR KEY POLICIES

This section outlines the Company's key policies and statements, which also apply to Bazalgette Holdings Limited, ensuring clarity at both Company and Group level.

Policy	Website Link
Anti-fraud, Corruption and Bribery Policy	anti-fraud-corruption-and-bribery-policy.pdf
Anti-money Laundering Policy	anti-money-laundering-policy.pdf
Conflicts of Interest Policy	conflicts-of-interest-policy.pdf
Corporate Responsibility and Sustainability Policy	corporate-responsibility-and-sustainability-policy.pdf
Data Protection Policy	data-protection-policy.pdf
Environmental Policy	environmental-policy.pdf
Health, Safety and Wellbeing Policy	health-safety-and-wellbeing-policy.pdf
Honest and Ethical Behaviours Policy	honest-and-ethical-behaviours-policy.pdf
Modern Slavery and Human Trafficking Statement	modern-slavery-and-human-trafficking-statement-2024-25.pdf
Quality Policy	quality-policy.pdf
Whistleblowing Policy	whistleblowing-policy.pdf

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 2026. The Company is incorporated and domiciled in the United Kingdom. The registered company number is 09553573 and the Company's registered address is Part Level 7, Riverside House, 2A Southwark Bridge Road, London, SE1 9HA.

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 is 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 Deputy 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 £346.0m profit for the year ended 31 March 2026 (31 March 2025, here after referred to as "2025": £3.5m profit). This is a result of deferred tax recognition and fair value movements on the Company's derivative financial instruments. The tunnel asset under construction totaled £6,102.8m at 31 March 2026 (2025: £5,772.9m).

An explanation of the financial results of the Company is set out in the Financial Performance Review section. The Company did not pay any dividends in the year (2025: £nil). During the year, £65.0m (2025: £26.2m) of shareholder loan interest was paid and £nil loan principal was repaid during the year (2025: £nil). Further details of the shareholder loan notes are set out in note 10 to the financial statements.

FINANCIAL RISK MANAGEMENT

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

INVOLVEMENT OF EMPLOYEES

Details of how the Company engages with its employees are provided in the Connected People and Partners section of the Strategic Report.

The average number of people employed by the Company (including Directors) during the year was 75 (2025: 84). 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 no charitable donations during the year (2025: £7,755). Reference to how the Company's volunteering programme with charity partners helps deliver the Company's Vision and Purpose and supports employee engagement can be found in the Strategic Report.

The Company did not make any political donations or incur any political expenditure during the year (2025: £nil).

PAYMENT TO SUPPLIERS

Payment terms are agreed with suppliers and the Company's policy is to pay in accordance with these terms. Tideway has been granted a Gold Award under the Fair Payment Code. Some of our major suppliers are also Awardees under the Fair Payment Code, and we have encouraged all of them to pay their suppliers in line with best practice. The creditor days for the year ended 31 March 2026 were approximately 3 days (2025: 3 days).

EVENTS OCCURRING AFTER THE REPORTING PERIOD

Details of any events occurring after the reporting date are disclosed in note 17 to 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.

Under company law, 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 the profit or loss for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for safeguarding the Company assets and, hence, for taking reasonable steps to prevent and detect fraud and other irregularities.

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.

The Directors 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 the Corporate Governance Statement voluntarily 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 consider 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

Part Level 7, Riverside House, 2A Southwark Bridge Road, London, SE1 9HA. 10 June 2026



FINANCIAL STATEMENTS

For the year ended 31 March 2026
Registered number 09553573

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 2026 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 the Company Statement of Financial Position as at 31 March 2026;
- the Company Income Statement for the year then ended;
- the Company Statement of Comprehensive Income for the year then ended;
- the Company Statement of Cash Flows for the year then ended;
- 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: £137,345,000 (2025: £115,318,600) based on 2% of total assets.
- Performance materiality: £103,008,000 (2025: £86,488,900).

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.

The key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
<p>Valuation of financial derivatives</p> <p>The derivative position as at 31 March 2026 was a liability of £178.3m (2025: liability of £135.3m) 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.</p> <p>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.</p> <p>Refer to page 67 and note 11 of the financial statements.</p>	<p>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:</p> <p>We obtained independent confirmations from external counterparties and agreed terms to contracts in order to confirm the existence and terms of all derivative contracts.</p> <p>Engaged with our specialist valuations team, who have performed independent testing of a sample of the pre-credit risk adjusted valuations and the CVA/DVA adjustment to support the engagement team in their assessment of the balances.</p> <p>Performed analysis of the directional movement in the derivative position relative to movements in inflation and interest rates. Tested accretion payments made during the year and assessed the disclosure of derivatives in the financial statements.</p> <p>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.</p>

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 it 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	£137,345,000 (2025: £115,318,600).
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% (2025: 75%) of overall materiality, amounting to £103,008,000 (2025: £86,488,900) 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 £6,867,000 (2025: £5,765,900) 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 matures 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 forecast information to the Board approved budget;
- Performing a comparison for the Group, of budget versus actual for the year ended 31 March 2026 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 2026 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 income statement. 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.

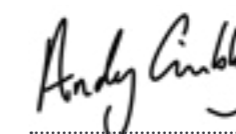
We have no exceptions to report arising from this responsibility..

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 Grimby
Senior Statutory Auditor

For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Reading
10 June 2026

Financial Statements

COMPANY INCOME STATEMENT

For the year ended 31 March

	Notes	2026 £m	2025 £m
Net operating costs	2, 3	-	-
Finance income	4	-	-
Finance costs	4	-	-
(Losses)/gains on financial instruments	4	(13.9)	3.5
(Loss)/profit before tax		(13.9)	3.5
Taxation	5	359.9	-
Profit for the year		346.0	3.5

COMPANY STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March

	2026 £m	2025 £m
Profit for the year	346.0	3.5
Other comprehensive income for the year	-	-
Total comprehensive income for the year	346.0	3.5

Notes 1 to 17 form an integral part of these financial statements.

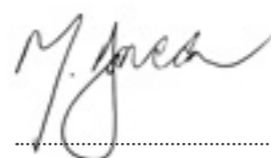
COMPANY STATEMENT OF FINANCIAL POSITION

As at 31 March

	Notes	2026 £m	2025 £m
ASSETS			
Non-current assets			
Property, plant and equipment	6	6,102.8	5,773.2
Other receivables	7	3.1	4.5
Deferred tax assets	12	359.9	-
		6,465.8	5,777.7
Current assets			
Trade and other receivables	7	30.7	33.4
Cash and cash equivalents	8	65.7	111.9
Short-term deposits	8	305.0	145.0
		401.4	290.3
Total assets		6,867.2	6,068.0
LIABILITIES			
Current liabilities			
Trade and other payables	9	(74.0)	(85.4)
Advance payment liability	9	(741.8)	-
Lease liabilities		-	(0.1)
Borrowings	10	(27.7)	(27.5)
Derivative financial instruments	11	(5.2)	(8.5)
		(848.7)	(121.5)
Non-current liabilities			
Other payables	9	(12.8)	(11.7)
Advance payment liability	9	-	(612.6)
Borrowings	10	(4,908.2)	(4,617.0)
Derivative financial instruments	11	(173.1)	(126.8)
		(5,094.1)	(5,368.1)
Total liabilities		(5,942.8)	(5,489.6)
NET ASSETS		924.4	578.4
EQUITY			
Share capital	13	509.7	509.7
Retained earnings	13	414.7	68.7
Total equity		924.4	578.4

Notes 1 to 17 form an integral part of these financial statements.

These financial statements on pages 63 to 71 were approved by the Board of Directors on 10 June 2026 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 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 of the parent	-	-	-
Balance at 31 March 2025 and 1 April 2025	509.7	68.7	578.4
Profit for the year	-	346.0	346.0
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	346.0	346.0
Total contributions by and distributions to owners of the parent	-	-	-
Balance at 31 March 2026	509.7	414.7	924.4

Notes 1 to 17 form an integral part of these financial statements.

COMPANY STATEMENT OF CASH FLOWS

For the year ended 31 March

	Notes	2026 £m	2025 £m
Cash flows from operating activities			
(Increase)/decrease in trade and other receivables	7	(2.1)	6.4
Decrease in trade and other payables	9	(15.0)	(44.3)
Increase in advance payment liability	9	129.2	128.1
Cash generated from operations		112.1	90.2
Net cash flows from operating activities		112.1	90.2
Cash flows from investing activities			
Construction of infrastructure asset*	6	(219.2)	(252.9)
Repayment of loan from an intra-group company	7	-	22.4
Funds placed in short-term deposits	8	(310.0)	(70.0)
Short-term deposits matured	8	150.0	155.0
Net cash flows used in investing activities		(379.2)	(145.5)
Cash flows from financing activities			
Proceeds from new borrowings	9	248.8	-
Repayment of borrowings	9	(27.7)	-
Principal repayments of lease liabilities		(0.2)	(0.5)
Net cash flows from/(used in) financing activities		220.9	(0.5)
Net decrease in cash and cash equivalents during the year		(46.2)	(55.8)
Cash and cash equivalents at the beginning of the year	8	111.9	167.7
Cash and cash equivalents at the end of the year	8	65.7	111.9

* Construction of infrastructure asset includes capitalised interest and swap accretion paid of £116.3m (2025: £102.0m) and capitalised interest received of £11.7m (2025: £19.1m).

Notes 1 to 17 form an integral part of these financial statements.

Financial Statements

Notes to the Financial Statements

1 MATERIAL ACCOUNTING POLICY INFORMATION

Basis of Preparation

Bazalgette Tunnel Limited (the “Company”) is a private company limited by shares, incorporated, domiciled and registered in England, the UK, under the Companies Act 2006. The registered number is 09553573 and the registered office address is Part Level 7, Riverside House, 2A Southwark Bridge Road, London, SE1 9HA.

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. It was determined that Thames Water will take over and obtain controls over the tunnel at Handover. At Handover, the asset under construction will be de-recognised and a finance lease receivable will be recognised by the Company. 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.

Deferred Tax Assets

The deferred tax assets include an amount of £367.1m and £13.5m which relate to carried-forward disallowed interest expenses and tax losses. The Company has incurred interest expenses since the inception of the project. The Company has concluded that the deferred tax assets will be recoverable when lease accounting is adopted at Handover with the expectation that finance lease income will exceed interest expense going forward and the Company is expected to generate future taxable profit in which the tax losses can be utilised. The disallowed interest expenses and tax losses can be carried forward indefinitely and have no expiry date.

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 2033 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 £4,660m.

For our plausible downside scenario, we modelled an increase in the remaining costs to complete, taking the total to £4,706m. We consider a severe downside case to be a 55% increase in the remaining costs to complete, which equates to a total cost of £4,746m. 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 2026, the Company had total liquidity of £490.7m, comprising £370.7m of unrestricted cash and short-term deposits and the £120m 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. Please refer to note 10 “Borrowings” for details of debt maturities.

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 asset under construction.

The Directors consider all expenditure in the year ended 31 March 2026 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 Liabilities

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.

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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.

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. 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 applied the following amendment for the first time for its annual reporting period commencing 1 April 2025:

- Lack of Exchangeability – Amendments to IAS 21.

The above amendment did not have any material effect on these financial statements.

At the date of approval 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 – Amendments to Classification and Measurement of Financial Instruments;
- Annual improvements to IFRS – Volume 11; 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

	2026 £'000	2025 £'000
Audit services		
Statutory audit – company	361	318
Audit related assurance services		
Regulatory audit services provided by the statutory auditors	22	21
Other non-audit services		
Other regulatory non-audit services	35	33
Other non-audit services*	80	–
	498	372

All of these fees have been capitalised in both financial years.

* Other non-audit services of £80k (2025: £nil) related to bond prospectus services.

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3 EMPLOYEE COSTS

The monthly average number of persons employed by the Company (including directors) during the year was 75 (2025: 84). The aggregate employment costs of these persons were as follows:

	2026 £m	2025 £m
Wages and salaries	12.6	14.1
Termination benefits	1.9	1.0
Social security costs	1.9	1.9
Contributions to defined contribution pension plan	0.5	0.5
	16.9	17.5
Capitalised into asset under construction	(16.9)	(17.5)
	-	-

Directors' remuneration is disclosed within the Remuneration Report section of this Annual Report page 51. The Company operates a single defined contribution pension plan which is open to all employees of the Company.

4 FINANCE INCOME AND COSTS

	2026 £m	2025 £m
Finance income		
Interest income	(15.3)	(16.5)
Capitalised finance income into asset under construction	15.3	16.5
Finance income	-	-
Finance costs		
Interest expense on borrowings [†]	233.3	214.9
Interest expense on lease liabilities	-	-
Financing fees (credit)/expense	(2.3)	6.0
	231.0	220.9
Capitalised finance cost into asset under construction	(231.0)	(220.9)
Net finance costs	-	-
Financial instruments at fair value through profit or loss		
Fair value losses/(gains) on index-linked swaps	13.9	(3.5)
Interest and accretion income on index-linked swaps	(0.4)	(11.7)
Net losses/(gains) on financial instruments at fair value through profit or loss	13.5	(15.2)
Capitalised interest and accretion income on index-linked swaps into asset under construction	0.4	11.7
Losses/(gains) on financial instruments	13.9	(3.5)

[†] Includes accretion costs on index-linked borrowings of £65.0m for the year ended 31 March 2026 (2025: £61.7m).

5 TAXATION

	2026 £m	2025 £m
Total current tax	-	-
Total deferred tax credit	(359.9)	-
Total Income Statement tax credit	(359.9)	-

The Company's effective tax rate for the year ended 31 March 2026 is lower (2025: lower) than the standard rate of corporation tax in the UK due to the items shown below.

Reconciliation of Effective Tax Rate

	2026 £m	2025 £m
(Loss)/profit before tax	(13.9)	3.5
Expected tax credit/(charge) using UK corporation tax rate of 25% (2025: 25%)	3.5	(0.9)
Items not (deductible)/taxable ¹	(3.5)	0.9
Previously unrecognised temporary differences recognised in current year	346.4	-
Previously unrecognised tax losses recognised in current year	13.5	-
Total Income Statement tax credit	359.9	-

¹ Items not (deductible)/taxable solely relate to fair value movements on the Company's derivative financial instruments which are disregarded for current tax 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. 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			
Balance at 1 April 2025	1.0	5,772.9	5,773.9
Additions	0.2	329.9	330.1
Balance at 31 March 2026	1.2	6,102.8	6,104.0
Accumulated depreciation			
Balance at 1 April 2025	(0.7)	-	(0.7)
Depreciation charge	(0.5)	-	(0.5)
Balance at 31 March 2026	(1.2)	-	(1.2)
Net book value			
At 31 March 2026	-	6,102.8	6,102.8
At 31 March 2025	0.3	5,772.9	5,773.2

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 tax and fair value movements in the Income Statement, is considered to have met this requirement in the year ended 31 March 2026.

The amount of borrowing costs capitalised during the year was £215.3m (2025: £203.2m) with a capitalisation rate of 100%. Included within this borrowing costs capitalised during the year is accrued accretion income on index-linked swaps of £0.4m (2025: £11.7m) on the basis that this income would not have been earned 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 2026 was £1,564.7m (2025: £1,349.4m).

Right-of-use Assets

The right-of-use asset is being depreciated over the lease terms on the Company's property lease under IFRS 16.

7 TRADE AND OTHER RECEIVABLES

	2026 £m	2025 £m
Trade receivables	10.7	11.5
Intra-group loans receivable (see note 15)	1.9	1.8
Accrued income	9.2	11.0
Other receivables	5.3	3.1
Prepayments	6.7	10.5
	33.8	37.9
Non-current assets	3.1	4.5
Current assets	30.7	33.4

Accrued income of £9.2m (2025: £11.0m) 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 £5.0m (2025: £6.7m) in relation to the Government Support Package and £0.2m (2025: £1.1m) in relation to insurance contracts and £1.5m (2025: £2.7m) financing related costs.

The Company's non-current assets represent £1.2m (2025: £2.7m) of prepayments and £1.9m (2025: £1.8m) of intra-group loans receivable at 31 March 2026. The intra-group loans receivable is unsecured, bears annual interest at SONIA plus 78bps and repayable in 2030. The table below analyses the Company's non-current assets at 31 March 2026 into recovery maturity groupings based on the remaining periods up to their expected future recovered date.

	2026 £m	2025 £m
Between one and two years	1.2	2.7
Between two and five years	1.9	1.8
More than 5 years	-	-
Total	3.1	4.5

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8 CASH AND CASH EQUIVALENTS

	2026 £m	2025 £m
Cash and bank balances	6.7	15.9
Cash equivalents	59.0	96.0
Cash and cash equivalents per cash flows statement	65.7	111.9

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 £305.0m (2025: £145.0m).

The Company also holds a Special Purpose Account for receiving insurance claim proceeds. The cash value in the Special Purpose Account was £nil at 31 March 2026 (2025: £0.2m).

Restricted Cash

The Company is required under the Master Definition Agreement (MDA), a CTA requirement, to maintain a Liquidity Required Amount through a combination of committed Liquidity Facility (LF) and amounts standing to the credit of the Debt Service Reserve Account (DSRA).

The Company holds a DSRA to maintain committed liquidity sufficient to cover projected financing cost payments for a period of 12 months from the Statement of Financial Position date. During the year, the Company, together with its sister company Bazalgette Finance plc, increased the LF by £20m, resulting in a total committed credit line of £95m to meet the Liquidity Required Amount under the CTA requirement.

As at 31 March 2026, the size of the LF is sufficient to cover the Liquidity Required Amount, therefore no requirement to hold cash in the DSRA, and the restricted cash value in the DSRA was £nil as at 31 March 2026 (2025: £7.0m).

9 TRADE AND OTHER PAYABLES

	2026 £m	2025 £m
Trade payables	0.6	9.1
Contract retentions payable	11.3	11.4
Other payables	41.7	51.3
Accrued intra-group expenses (see note 15)	15.1	4.8
Deferred income	18.1	20.5
Advance payment liability	741.8	612.6
	828.6	709.7
Non-current liabilities	12.8	624.3
Current liabilities	815.8	85.4

The advance payment liability represents deferred revenue that has been invoiced to and settled by Thames Water. The deferred income of £18.1m (2025: £20.5m) 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. This advance payment liability and deferred income will be de-recognised and converted into a finance lease receivable when the control of the Thames Tideway Tunnel is transferred to Thames Water at Handover.

The accrued intra-group expenses of £15.1m (2025: £4.8m) 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 2026 and 31 March 2025 into relevant maturity groupings based on the remaining periods up to their future payable date. The amounts disclosed represent the contractual undiscounted cash flows.

	2026 £m	2025 £m
Less than one year	815.8	85.4
Between one and two years	3.8	615.0
Between two and five years	9.0	9.3
More than 5 years	-	-
Total	828.6	709.7

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 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.

	2026 £m	2025 £m
Intra-group borrowings		
£250m 2.375% fixed-rate bond 2027 ^{a, p}	249.5	249.2
£75m 0.828% index-linked bond 2047 ^{a, d, e}	101.9	98.7
£200m 0.740% index-linked bond 2042 ^{a, d, f}	240.9	235.1
£100m 0.688% index-linked bond 2050 ^{a, d}	147.0	141.5
£100m 0.755% index-linked bond 2051 ^{a, d}	142.7	137.3
£100m 0.249% index-linked bond 2040 ^{a, d, g}	143.5	139.0
£125m 0.192% index-linked bond 2049 ^{a, d, h}	189.0	182.0
£25m 1.035% index-linked bond 2048 ^{a, d, i}	35.0	33.8
£25m 0.951% index-linked bond 2054 ^{a, d, j}	35.0	33.8
£50m 0.787% index-linked bond 2052 ^{a, d}	70.2	67.5
£25m 1.042% index-linked bond 2048 ^{a, d, l}	34.2	33.0
£25m 0.954% index-linked bond 2054 ^{a, d, l}	34.2	33.0
£75m 0.010% index-linked bond 2036 ^{a, d}	107.7	104.6
£300m 2.750% fixed-rate bond 2034 ^{a, r}	299.1	299.0
£150m 0.010% index-linked bond 2032 ^{a, d}	191.5	184.9
£75m 0.949% index-linked bond 2052 ^{a, d, n}	90.0	87.5
£50m 0.074% index-linked bond 2049 ^{a, d, o}	73.1	70.9
£50m 0.174% index-linked bond 2049 ^{a, d, o}	73.1	70.9
£250m 5.500% fixed-rate bond 2033 ^{a, q}	248.9	-
Shareholder loan notes 8.000% fixed-rate 2064 ^p	985.8	972.6
Third party borrowings		
£300m 2.860% fixed-rate loan 2032 ^c	300.0	300.0
£100m 0.010% index-linked loan 2049 ^{d, k}	140.4	135.3
£75m 2.418% fixed-rate loan 2041	75.0	75.0
£700m (£620m SONIA+1.094% floating-rate ^l , £80m index-linked+0.010%) ^d loan 2051 ^m	693.6	717.6
£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
	4,951.3	4,652.2
Less: unamortised debt issue costs	(15.4)	(7.7)
Total borrowings	4,935.9	4,644.5
Current liabilities	27.7	27.5
Non-current liabilities	4,908.2	4,617.0

- 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
p) This debt has a bullet repayment of principal in 2027
q) This debt has a bullet repayment of principal in 2033
r) This debt has a bullet repayment of principal in 2034

11 FINANCIAL INSTRUMENTS

The carrying values of the financial assets and liabilities of the Company are as follows:

Financial Assets

	2026 £m	2025 £m
Financial assets at amortised costs		
Trade and other receivables	27.1	27.4
Cash and cash equivalents	65.7	111.9
Short-term deposits	305.0	145.0
Total	397.8	284.3

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 2026 and at 31 March 2025, and therefore not recognised within the year.

Financial Liabilities

	2026 £m	2025 £m
Financial liabilities at fair value through profit or loss		
Derivative financial instruments – Current	5.2	8.5
Derivative financial instruments – Non-current	173.1	126.8
Other financial liabilities		
Trade and other payables	68.7	76.6
Lease liabilities	-	0.1
Borrowings – Current	27.7	27.5
Borrowings – Non-current	4,908.2	4,617.0
Total	5,182.9	4,856.5

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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.

	2026		2025	
	Book value £m	Fair value £m	Book value £m	Fair value £m
Financial liabilities at amortised cost: Non-current				
Borrowings – fixed-rate sterling loans	(1,608.7)	(1,350.7)	(1,597.7)	(1,473.8)
Borrowings – fixed-rate sterling bonds	(794.1)	(735.9)	(548.8)	(474.0)
Borrowings – index-linked sterling bonds and loans	(1,936.3)	(1,269.4)	(1,877.6)	(1,172.2)
Borrowings – floating-rate sterling loans	(569.1)	(513.9)	(592.9)	(539.9)
Financial liabilities at amortised cost: Current				
Borrowings – index-linked sterling bonds and loans	(3.9)	(3.9)	(3.7)	(3.7)
Borrowings – floating-rate sterling loans	(23.8)	(44.6)	(23.8)	(55.4)
Financial liabilities at fair value through profit or loss: Non-current				
Derivative financial instruments – index-linked swaps	(173.1)	(173.1)	(126.8)	(126.8)
Financial liabilities at fair value through profit or loss: Current				
Derivative financial instruments – index-linked swaps	(5.2)	(5.2)	(8.5)	(8.5)
Total	(5,114.2)	(4,096.7)	(4,779.8)	(3,854.3)

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 Company 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 Company 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 or Loss

The Company's index-linked swaps are measured at fair value through profit or 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:

	2026 Level 2 £m	2025 Level 2 £m
Financial instruments at fair value		
Derivative financial liabilities – Index-linked swaps*	(178.3)	(135.3)
	(178.3)	(135.3)

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 2026, 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 2026 and 31 March 2025 were as follows:

	2026 £m	2025 £m
Net Debt **	3,828.3	3,626.7
Adjusted RCV **	5,636.7	5,333.0
Gearing %	67.9%	68.0%

The Company's gearing level and its interest cover ratios remain in line with the Company's capital management strategy and is fully compliant with the financing arrangements.

The Company did not raise any external borrowings during the year (2025: £nil). Bazalgette Finance plc raised £250.0m through a blue bond issuance during the year (2025: £nil), bringing the total issuance to £2,081.7m (2025: £1,831.7m). The proceed of which is then on-lent to the Company through intra-group loan.

The Company's £160m revolving credit facility (RCF) was refinanced on 31 March 2026 with a new £120m RCF that is structured as a Blue 3-year loan with the option to agree two one-year extensions to the maturity. The RCF remained undrawn as at 31 March 2026.

During the year, the Company, together with its sister company Bazalgette Finance plc, increased its Liquidity Facility (LF) by £20m to a total of £95m. The LF, together with the Debt Service Reserve Accounts (DSRA), are designed to meet the CTA requirement to maintain a Liquidity Required Amount sufficient to cover projected financing cost payments over a 12-month period. The LF is adequate to meet the Liquidity Required Amount, therefore no requirement to hold cash in the DSRA.

* Accrued accretion on index-linked swaps at 31 March 2026 was £237.6m liability (2025: £209.2m), 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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Management of Financial Risk

The Treasury team 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 the Governance section of the Annual 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 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 2026, the Company had total liquidity of £490.7m (2025: £409.9m), comprising £370.7m (2025: £249.9m) of unrestricted cash and short-term deposits and the £120m (2025: £160m) undrawn RCF. This, combined with expected revenue collections, provides 19 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.

	2026 £m	2025 £m
Borrowings		
Less than one year	(199.6)	(185.7)
Between one and two years	(449.1)	(183.2)
Between two and five years	(572.2)	(784.1)
More than 5 years	(9,051.7)	(8,798.1)
Total	(10,272.6)	(9,951.1)
Derivative financial instruments		
Less than one year	26.5	29.9
Between one and two years	25.0	25.3
Between two and five years	(218.4)	(73.3)
More than 5 years	(68.8)	(177.4)
Total	(235.7)	(195.5)

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.

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 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 relevant counterparties. The investment management strategy provides clear limits for money market funds and money market deposits. The strategy 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 2026 was £397.8m (2025: £284.3m). 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 debt at 31 March 2026 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 2026 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.

	2026		2025	
	£m +1%	£m -1%	£m +1%	£m -1%
(Loss)/profit	(35.9)	37.1	(44.3)	42.4
Equity	(35.9)	37.1	(44.3)	42.4

This section sets out an analysis of net debt and movements in net debt for each of the years presented:

	Notes	2026 £m	2025 £m
Cash and Cash Equivalents	8	65.7	111.9
Borrowings ^(a) ^(b) & ^(c)	10	(4,951.3)	(4,652.2)
Lease Liabilities		-	(0.1)
Net Debt		(4,885.6)	(4,540.4)

(a) Borrowings includes the £985.8m Shareholder loan notes (2025: £972.6m) which is excluded in the Company's CTA Net Debt figures per the Financial Performance Review section of the Annual Report.

(b) Borrowings excludes £237.6m of accretion on index-linked swaps (2025: £209.2m) 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 £15.4m of unamortised debt issue costs (2025: £7.7m) which is excluded in the Company's CTA Net Debt figures per the Financial Performance Review section of the Annual Report.

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Net Debt Reconciliation

	Liabilities Arising from Financing Liabilities			Other Assets		Total £m
	Notes	Borrowings £m	Lease liabilities £m	Sub-total £m	Cash and cash equivalents £m	
At 1 April 2024		(4,540.9)	(0.8)	(4,541.7)	167.7	(4,374.0)
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 investing activities)		-	-	-	(252.9)	(252.9)
Net transfers from short-term deposits (Presented as cash flows from investing activities)		-	-	-	85.0	85.0
Repayment of loan from intra-group company (Presented as cash flows from investing activities)		-	-	-	22.4	22.4
Lease Liability payments (Presented as cash flows from financing activities)		-	0.5	0.5	(0.5)	-
Other Changes*						
Accretion interest expense on index-linked borrowings	4	(61.7)	-	(61.7)	-	(61.7)
Capitalised Interest on Shareholder Loan Notes	10, 15	(49.9)	-	(49.9)	-	(49.9)
Bond premium/discount unwinds		0.3	-	0.3	-	0.3
Others – interest on leases, termination of leases		-	0.2	0.2	-	0.2
At 31 March 2025 and 1 April 2025		(4,652.2)	(0.1)	(4,652.3)	111.9	(4,540.4)
Cash flows from operating activities (Presented as cash flows from operating activities)		-	-	-	112.1	112.1
Cash flows used in Construction of Infrastructure asset (Presented as investing activities)		-	-	-	(219.2)	(219.2)
Net transfers to short-term deposits (Presented as cash flows from investing activities)		-	-	-	(160.0)	(160.0)
Proceeds from new borrowings (Presented as cash flows from financing activities)		(248.8)	-	(248.8)	248.8	-
Repayment of borrowings (Presented as cash flows from financing activities)		27.7	-	27.7	(27.7)	-
Lease liability payments (Presented as cash flows from financing activities)		-	0.2	0.2	(0.2)	-
Other Changes*						
Accretion interest expense on index-linked borrowings	4	(65.0)	-	(65.0)	-	(65.0)
Capitalised Interest on Shareholder Loan Notes	10, 15	(13.2)	-	(13.2)	-	(13.2)
Bond premium/discount unwinds		0.2	-	0.2	-	0.2
New leases liabilities		-	(0.1)	(0.1)	-	(0.1)
At 31 March 2026		(4,951.3)	-	(4,951.3)	65.7	(4,885.6)

* Other changes include non-cash movements, including accretion interest expense on index-linked borrowing, capitalised interest on shareholder loan notes, bond premium/discount unwinds, early termination of leases and new leases during the year.

12 DEFERRED TAX

	Carried forward interest expense £m	Tax losses £m	Financial instruments £m	Total £m
Deferred tax assets/(liabilities) at 1 April 2025	17.2	-	(17.2)	-
Credit/(charge) to income statement	349.9	13.5	(3.5)	359.9
Deferred tax assets/(liabilities) at 31 March 2026	367.1	13.5	(20.7)	359.9

During the current year, the Company recognised net deferred tax assets of £359.9m on temporary differences attributable to the carried forward disallowed interest expenses, tax losses and financial instruments. These are recognised on the basis that there will be sufficient net interest income and taxable profit against which these deferred tax assets could be utilised when the Company begins to adopt IFRS 16 lease accounting on the tunnel at Handover.

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%.

Deferred tax assets and liabilities have been offset on the statement of financial position. The balances are expected to be recovered or settled after 12 months.

Gross Unrecognised Temporary Differences

As at 31 March 2025, the Company did not recognise the above deferred tax assets of £307.6m on gross deductible temporary differences of £1,230.2m as follows:

	2026 £m	2025 £m
Trade losses	-	52.2
Aggregate disallowed net interest expense (post 1 April 2017)	-	1,178.0
Total	-	1,230.2

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13 CAPITAL AND RESERVES

Called-up Share Capital

Allotted, called-up and fully paid ordinary shares of £1 each	Ordinary shares 2026 No.	Ordinary shares 2025 No.
At the beginning of the year	509,672,601	509,672,601
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 Governance section of the Annual Report.

Retained Earnings

	2026 £m	2025 £m
At the beginning of the year	68.7	65.2
Profit for the year	346.0	3.5
At the end of the year	414.7	68.7

The retained earnings at 31 March 2026 comprises a non-distributable reserve of £414.7m (2025: £68.7m) arising from deferred tax recognition and fair value movement of derivative financial instruments.

14 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.

15 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 £985.8m of loan principal (2025: £972.6m) and £nil of interest (2025: £nil) at 31 March 2026. During the year, £13.2m (2025: £49.9m) of loan interest was capitalised back into the intercompany loan principal.

Bazalgette Holdings Limited deferred £nil (2025: £nil) of outstanding interest payable on the intercompany loan from the Company during the year.

Amounts outstanding on loans from Bazalgette Finance plc are £2,506.2m (2025: £2,201.6m) and interest outstanding on these loans totalled to £15.1m (2025: £4.8m).

During the year ended 31 March 2026, the Company paid £22.9m (2025: £22.2m) 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 £64k (2025: £61k) and £1.8m (2025: £1.8m) at 31 March 2026. 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 remuneration committee report on page 51 in the Governance section of the Annual Report.

16 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 Part Level 7, Riverside House, 2A Southwark Bridge Road, London SE1 9HA.

17 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.