“Every day that I wake up, before I hit the shower, I know that I’m going to have a wonderful day because I’m doing something that I love, which is satisfying those customers out there.”

Jean Charles
Lead Installer, HomeServe USA

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"It is evident from my interactions to date that the Board believes good corporate governance and doing business responsibly underpin our business performance."

Dear Shareholder

I am pleased to present this year's Corporate governance report which is my first as Chair. It is evident from my interactions to date that the Board believes that good corporate governance and doing business responsibly underpin our business performance. I have inherited a Board that understands the need to be accountable to our shareholders and which is fully committed to meeting the required standards of corporate governance.

I have set out on page 4 a summary of my first impressions of HomeServe. The business is driven by a clear sense of purpose and more detail on this is also provided on page 4.

This has been a busy year for the Board. Further details on the key focus and the matters discussed during the year are provided on pages 5 and 66. Considerable time and effort has been spent on the approach from Brookfield and the Board's response has clearly demonstrated that it operates proactively and cohesively in times of challenge. The true effectiveness of any Board is tested when things happen unexpectedly, and it is clear to me that our Board is an effective one.

Future Outlook

On 19 May 2022, it was announced that the Board had reached agreement with Hestia Bidco Limited, an indirect subsidiary of Brookfield Infrastructure Funds, on a recommended cash offer to acquire the entire issued share capital of HomeServe. The acquisition is currently expected to complete during the fourth quarter of 2022 via a court-sanctioned scheme of arrangement, subject to HomeServe shareholder approval and various regulatory clearances.

Tommy Breen
Chairman
24 May 2022

Compliance with the UK Corporate Governance Code 2018

The Board believes that throughout FY22, the Company has applied the principles and complied with the majority of the relevant provisions of the UK Corporate Governance Code 2018 ('the Code'). We did not comply with provisions 9 and 19 for part of the year as our outgoing Chairman, Barry Gibson had served on the Board since 2004 and had been Chairman since 2010 (he was independent on appointment). Barry stepped down from the Board on 18 May 2021 and was replaced as Chairman by Tommy Breen who joined the Board in January 2021 and is independent. In addition, we did not comply with provision 38 as the pension contributions paid in respect of two of our Executive Directors are not aligned to those available to the workforce. As previously reported, pension contributions for the Directors concerned will be reduced to the level of the workforce on 1 December 2022.

The Code is available at **www.frc.org.uk**

Application of UK Corporate Governance Code Principles

The Code has placed increased emphasis on "apply and explain" with regard to the Principles of the Code. Our explanations about how we have applied the main principles of the Code can be found as follows:

Board leadership and company purpose	
Principle A A successful company is led by an effective and entrepreneurial board, whose role is to promote the long-term sustainable success of the company, generating value for shareholders and contributing to wider society.	**Strategic report pages 2 to 59. Governance pages 62 to 124. Directors' remuneration report pages 92 to 120.**
Principle B The board should establish the company's purpose, values and strategy, and satisfy itself that these and its culture are aligned. All directors must act with integrity, lead by example and promote the desired culture.	**Strategic report pages 2 to 59. Board leadership and company purpose pages 66 to 68. Division of responsibilities pages 69 to 73. Directors' remuneration report pages 92 to 120.**
Principle C The board should ensure that the necessary resources are in place for the company to meet its objectives and measure performance against them. The board should also establish a framework of prudent and effective controls, which enable risk to be assessed and managed.	**Responsible business pages 20 to 31. Principal risks and uncertainties pages 32 to 39. Section 172(1) statement page 56. Audit, risk and internal control pages 84 to 91. Audit & Risk Committee report pages 86 to 91.**
Principle D In order for the company to meet its responsibilities to shareholders and stakeholders, the board should ensure effective engagement with, and encourage participation from, these parties.	**Responsible business pages 20 to 31. Section 172(1) statement page 56. Shareholder relations page 68.**
Principle E The board should ensure that workforce policies and practices are consistent with the company's values and support its long-term sustainable success. The workforce should be able to raise any matters of concern.	**Responsible business pages 20 to 31. Section 172(1) statement page 56. Board leadership and company purpose pages 66 to 68. Directors' remuneration report pages 92 to 120.**
Principle F The chair leads the board and is responsible for its overall effectiveness in directing the company. They should demonstrate objective judgement throughout their tenure and promote a culture of openness and debate. In addition, the chair facilitates constructive board relations and the effective contribution of all non-executive directors, and ensures that directors receive accurate, timely and clear information.	**Division of responsibilities pages 69 to 73.**

Corporate governance statement continued

Compliance and other statements continued

Division of responsibilities	
Principle G The board should include an appropriate combination of executive and non-executive (and, in particular, independent non-executive) directors, such that no one individual or small group of individuals dominates the board's decision-making. There should be a clear division of responsibilities between the leadership of the board and the executive leadership of the company's business.	**Division of responsibilities pages 69 to 73. Board biographies pages 74 to 77.**
Principle H Non-executive directors should have sufficient time to meet their board responsibilities. They should provide constructive challenge, strategic guidance, offer specialist advice and hold management to account.	**Board leadership and company purpose pages 66 to 68. Division of responsibilities pages 69 to 73. Audit & Risk Committee report pages 86 to 91.**
Principle I The board, supported by the company secretary, should ensure that it has the policies, processes, information, time and resources it needs in order to function effectively and efficiently.	**Responsible business pages 20 to 31. Board leadership and company purpose pages 66 to 68. Division of responsibilities pages 69 to 73. Audit, risk and internal control pages 84 to 91. Audit & Risk Committee report pages 86 to 91. Directors' remuneration report pages 92 to 120.**

Composition, succession and evaluation	
Principle J Appointments to the board should be subject to a formal, rigorous and transparent procedure, and an effective succession plan should be maintained for board and senior management. Both appointments and succession plans should be based on merit and objective criteria and, within this context, should promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths.	**Nomination Committee report pages 80 to 81. Composition, succession and evaluation pages 74 to 83.**
Principle K The board and its committees should have a combination of skills, experience and knowledge. Consideration should be given to the length of service of the board as a whole and membership regularly refreshed.	**Board biographies pages 74 to 77.**
Principle L Annual evaluation of the board should consider its composition, diversity and how effectively members work together to achieve objectives. Individual evaluation should demonstrate whether each director continues to contribute effectively.	**Nomination Committee report pages 80 to 81. Composition, succession and evaluation pages 74 to 83.**
Principle M The board should establish formal and transparent policies and procedures to ensure the independence and effectiveness of internal and external audit functions and satisfy itself on the integrity of financial and narrative statements.	**Audit, risk and internal control pages 84 to 91. Audit & Risk Committee report pages 86 to 91.**
Principle N The board should present a fair, balanced and understandable assessment of the company's position and prospects.	**Strategic report pages 2 to 59. Audit, risk and internal control pages 84 to 91. Audit & Risk Committee report pages 86 to 91. Financial statements pages 137 to 216.**

Audit, risk and internal control	
Principle O The board should establish procedures to manage risk, oversee the internal control framework, and determine the nature and extent of the principal risks the company is willing to take in order to achieve its long-term strategic objectives.	**Principal risks and uncertainties pages 32 to 39.** **Viability statement page 58.** **Audit, risk and internal control pages 84 to 91.** **Audit & Risk Committee report pages 86 to 91.**

Remuneration	
Principle P Remuneration policies and practices should be designed to support strategy and promote long-term sustainable success. Executive remuneration should be aligned to company purpose and values, and be clearly linked to the successful delivery of the company's long-term strategy.	**Strategic report pages 2 to 59.** **Board leadership and company purpose pages 66 to 68.** **Directors' remuneration report pages 92 to 120.**
Principle Q A formal and transparent procedure for developing policy on executive remuneration and determining director and senior management remuneration should be established. No director should be involved in deciding their own remuneration outcome.	**Directors' remuneration report pages 92 to 120.**
Principle R Directors should exercise independent judgement and discretion when authorising remuneration outcomes, taking account of company and individual performance, and wider circumstances.	**Directors' remuneration report pages 92 to 120.**

Viability and going concern
Statements in respect of viability and going concern are set out on pages 58 and 59.

Robust assessment of emerging and principal risks
The Board confirms that it has carried out a robust assessment of the emerging and principal risks facing the Group (including those which would threaten the business model, future performance, solvency, liquidity or reputation), its appetite with respect to those risks and the systems required to mitigate and manage them. Details on the review process are set out on page 32. Further details on the emerging and principal risks and uncertainties can be found on pages 32 to 39 and the viability statement is on page 58.

Annual review of systems of risk management and internal control
The Board monitored the Group's systems of risk management and internal control and carried out a review of their effectiveness. The Board concluded that overall, these systems were effective. Details on the review process are set out on page 84.

Fair, balanced and understandable
The Directors consider that, taken as a whole, this Annual Report is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position, performance, business model and strategy. Details on the process for arriving at this conclusion are set out on page 89.

Section 172(1)
The Directors have performed their duty under Section 172(1) of the Companies Act 2006. The statement on how this duty has been fulfilled is contained in the Strategic report on page 56.

Board leadership and company purpose

The Board

The Board is responsible for the effective leadership and long-term success of the Group and our purpose is at the heart of Board discussions. As a Board we regularly discuss and review:

- Our business model and its sources of value that give us advantage
- Our business performance and our progress towards our strategic goals
- Our customers and how we can ensure that they are at the heart of everything we do
- Our people and how we can develop and support them to provide the service our customers expect
- Our stakeholders and how we engage with them
- Our governance and controls.

HomeServe's business model is based on five key sources of value – partnerships, marketing, customer service, local networks and financial resources and expertise. The Board discusses all of these, and their potential impacts, on a regular basis but the focus changes depending on business priorities and where the biggest potential lies. This year, the Board has spent time reviewing and challenging our growth plans in each of our businesses and there have been detailed discussions on North America, EMEA and Home Experts.

As well as looking for new opportunities, the Board also takes time to reflect on things that have not gone so well. A case in point was the difficult decision to halt the implementation of eServe, the UK CRM solution. A thorough internal review was undertaken into the programme and some useful learnings identified. These learnings were discussed by the Board and also shared with our local Boards and management teams.

Details of the matters discussed during the year are set out in the table below:

Board activity in FY22

Strategy, operations and finance

- Received regular updates from the Executives on trading performance
- Approved the annual budget and business plan
- Reviewed and approved the Group's FY21 and half year FY22 results (including dividends)
- Approved the FY21 Annual Report (including a fair, balanced and understandable assessment) and 2021 AGM Notice
- Reviewed the Group's debt, capital and funding arrangements
- Received updates on business plans and strategic initiatives including automation and energy efficiency services
- Reviewed the learnings from the aborted investment in the eServe customer relationship management system and agreed standards to apply to future programmes
- Received regular updates on M&A activity
- Received updates on the technology strategy including information security
- Discussed and evaluated the ongoing delivery of the HVAC strategy
- Discussed the competitor landscape
- Reviewed and discussed customer insight from a number of the Group's businesses.

Leadership and people

- Reviewed the succession plan for the Non-Executive and Executive Directors
- Reviewed the organisation structure
- Discussed the talent pipeline and in particular, how diversity could be improved
- Received regular updates from the Chair of the People Committee
- Received updates on health & safety.

ESG

- Discussed environmental strategy and approved the target for our scope 3 carbon footprint
- Received updates on ESG activity in each of the businesses
- Agreed to expand the remit of the People Committee of the Board to cover ESG matters; the Committee will become the ESG & People Committee in FY23.

Internal control and risk management

- Reviewed the principal risks and uncertainties
- Reviewed and confirmed the Group's viability statement and going concern status
- Reviewed and validated the effectiveness of the Group's systems of internal controls and risk management
- Considered and approved the Group's tax strategy.

Governance and legal

- Received updates on corporate governance developments
- Received reports on engagement with investors and other stakeholders
- Conducted an externally facilitated evaluation of the Board's effectiveness and discussed the outcome
- Received regular reports from the Chairman of the Audit & Risk Committee.

Our purpose, values and culture

Our purpose is to make home repairs and improvements easy and this is underpinned by our values. The approach taken by the Board is intended to deliver performance and growth whilst maintaining high standards of business conduct. Central to our focus on culture has been the development of the HomeServe Way which sets out the essential behaviours, skills and knowledge needed to be effective at HomeServe, based on the fundamentals of courage, persistence and integrity.

Stella David is the designated workforce engagement Director and also chairs the People Committee. This activity is covered in the People Committee report on pages 82 and 83.

The People Committee reviews the results of the regular employee engagement surveys and uses these reviews as the principal means of assessing the culture across the Group. Questionnaires are completed by employees on an anonymous basis and the process is facilitated by an external provider. More informal feedback is provided through the International People Forum which is made up of representatives from each of our businesses which meets regularly with Stella David.

The Board gains valuable insight and feedback from the Executive Directors in respect of the culture and behaviour across the Group and the internal audit function also considers culture as part of its reviews.

Our stakeholders

Engagement with our main stakeholders is summarised on pages 20 and 21 of the Strategic report.

Our business environment presents us with opportunities and challenges, and it is vital for the Board to respond to these while continuing to grow our business and maintain our reputation. The Board seeks to understand the views of our stakeholders and engage with many of them to ensure that stakeholder interests can be considered during our discussions and decision making.

The importance and influence of stakeholder groups differs depending on the matter being discussed. It is possible for stakeholder interests to conflict and when this happens, the Board uses its judgement to reach a final decision.

The Board is advised of stakeholder views in a number of different ways:

- The monthly business review
- Business updates
- Presentations on strategic developments
- Insights from our customers (including trades)
- People Committee updates
- Succession plans
- Employee engagement survey results
- Annual General Meeting
- Corporate governance and regulatory development updates
- Presentations from external advisers and internal experts.

Detailed below are some examples of matters discussed during the year and how the Board considered our stakeholder groups.

Matter discussed	Stakeholder groups considered	How the Board or Committee had regard to stakeholders	Decisions
Brookfield approach	Shareholders, employees, customers and partners	Consideration was given to: • Whether a change in ownership would deliver better value for shareholders • The impact of a change in ownership on our customers and partners • The impact of a change in ownership on our employees.	Decision taken to engage in discussions with Brookfield to explore their proposals.
Reviewing investment in eServe	Shareholders, customers, employees	Consideration was given to: • the further investment needed • the quality of service provided to customers and how any change to the platform could impact on them • the impact on employees in terms of workload and morale • whether continued investment provided value for shareholders.	Decision taken to halt investment.

Board leadership and company purpose continued

Matter discussed	Stakeholder groups considered	How the Board or Committee had regard to stakeholders	Decisions
Agreeing Environment targets	The environment, shareholders, employees, government	Consideration was given to: • the impact of our operations on the environment • government regulations and targets • our reputation from a shareholder and employee perspective.	A target in respect of our Scope 3 carbon footprint was set.

Relations with shareholders

The Board, on the Company's behalf, recognises the need to maintain an active dialogue with its shareholders. The Chief Executive and Chief Financial Officer meet regularly with institutional investors and analysts to discuss the Company's performance and all shareholders have access to the Chairman and the other Directors, who are available to discuss any questions which they may have in relation to the running of the Company. Given the interest in the growth in North America, Tom Rusin, the CEO for that division, has also attended a number of meetings.

During the year, there was a comprehensive programme of virtual and in person meetings with large and small institutional investors which included both current and potential shareholders. All major shareholders were given the opportunity to meet with the new Chairman and ten chose to do so. In addition, the Senior Independent Director (who chairs the Remuneration Committee) met with one shareholder.

We ensure that all Directors are fully aware of the views of major shareholders. Copies of all analysts' research relating to the Company are circulated to Directors upon publication. The Board receives a monthly Investor Relations report which includes an analysis of the Company's shareholder register as well as any feedback received from shareholders and analysts. Feedback is actively sought following the Interim and Preliminary Results presentations for discussion by the Board. Such feedback is very helpful in developing the narrative and data for subsequent presentations.

All resolutions were passed at the 2021 AGM with no significant feedback received.

The Board encourages shareholders to attend the Annual General Meeting and is always willing to answer questions, either in the meeting itself or, more informally, afterwards. In addition, shareholders may contact HomeServe direct, either through the website or by telephone.

Whistleblowing

A whistleblowing policy is in place and allows employees, franchisees and sub-contractors who wish to raise any issues of concern relating to the Group's activities to do so on a confidential basis by contacting an external hotline. The policy is available on our website: **www.homeserveplc.com/who-we-are/governance/policies/**

During the year, a whistleblowing framework was introduced to ensure that the processes underpinning the policy are implemented consistently across the Group. This included establishing minimum standards in respect of communication and training.

All reports are formally investigated by the Assurance & Risk Director with support from relevant functions within the business. Incidents and their outcomes are reported to the Audit & Risk Committee and the Board. A number of calls were made to the external hotline during the year and management action was taken where appropriate. No issues were raised that required any direct action from the Board.

Division of responsibilities

The Chairman of the Board is responsible for the effectiveness of the Board. Barry Gibson served as Chairman until 18 May 2021 and was succeeded by Tommy Breen who joined the Board as an Independent Non-Executive Director in January 2021.

The roles of the Chairman, Chief Executive and Senior Independent Director are clearly defined, and written specifications are available on our website: **www.homeserveplc.com/who-we-are/governance/#content**

Key responsibilities		
Chairman	**Chief Executive Officer**	**Senior Independent Director**
• The effective running of the Board • Direction and focus • Guardian of the decision-making process • Providing challenge • Ensuring the Board receives accurate, timely and clear information • Maintaining relationships with Executive and Non-Executive Directors.	• Management of the Group • Developing and proposing strategy • Implementing Board decisions • Maintaining an active dialogue with the Chairman • Leading shareholder communication.	• Supporting the Chairman on governance issues • Acting as a sounding board for the Chairman and a trusted intermediary for other Directors • Leading the annual review of the Chairman's performance • Leading the process to find a new Chairman.

At least half of the Board, excluding the Chairman, are independent Non-Executive Directors; at the year-end there were six Non-Executive Directors (excluding the Chairman) and four Executive Directors. Five of the Non-Executive Directors are considered to be independent. Stella David is no longer considered to be independent as she has served on the Board for more than nine years. Shareholders were consulted before her appointment was renewed for one final term and she will be stepping down in November 2022.

Katrina Cliffe served as Senior Independent Director throughout the year.

All of the Non-Executive Directors provided independent challenge and oversight in respect of matters discussed at the Board and play an active role in the development of the strategy. Their experience and independence of thought has been particularly beneficial during the discussions about the future ownership of the Group. They have provided both challenge and support throughout the process to date.

Division of responsibilities continued

The Board

The Board has a Schedule of Matters specifically reserved to it for decision and has approved the written terms of reference of the various Committees to which it has delegated its authority in certain matters.

Matters reserved to the Board include:

- the Company's future strategy
- the approval of major financial commitments
- the acquisition of significant companies or businesses
- the Company's internal controls
- the recommendation or approval of dividends
- the approval of preliminary and interim financial statements
- appointments to the Board and its Committees.

The full schedule is available on our website: **www.homeserveplc.com/who-we-are/our-board/**

The Board has delegated certain of its responsibilities to the Committees of the Board. Further detail on the work of the Committees is provided later in the Annual Report. The terms of reference of each of the Board's Committees are available on our website: **www.homeserveplc.com/who-we-are/governance/committees/**

Governance framework

Shareholders

Chairman
Responsible for the effective running of the Board and guardian of the Board's decision making process.

The Board
Responsible for providing leadership to the Group.

The Board sets strategic priorities and oversees delivery in a way that supports sustainable long-term growth, takes stakeholders into account and maintains a balanced approach to risk within a framework of effective controls.

Board Committees
The terms of reference for each Committee are agreed by the Board. They are available in the Corporate Governance section of the website: **www.homeserveplc.com/who-we-are/governance/committees**

Nomination Committee

- Makes recommendations to the Board on the appointment of Directors
- Reviews the size, structure and composition of the Board
- Considers succession planning arrangements for Directors and other senior managers.

Committee report on pages 80 and 81.

People Committee

- Determines, agrees and oversees the people strategy for the Group
- Reviews the ongoing appropriateness and relevance of the people strategy
- Reviews and makes recommendations in respect of the resourcing of the people strategy.

Committee report on pages 82 and 83.

Audit & Risk Committee

- Monitors, on behalf of the Board, compliance with and the effectiveness of, the Group's accounting and internal control systems
- Reviews the independence and effectiveness of the internal and external auditors.

Committee report on pages 86 to 91.

Remuneration Committee

- Determines the Group's overall remuneration strategy
- Determines the remuneration packages of the Executive Directors and other senior management
- Approves the grant and exercise of executive long-term incentive arrangements and oversees the operation of other share-based plans across the Group.

Directors' remuneration report on pages 92 to 120. The element on the activities of the Remuneration Committee on pages 106 to 120 are incorporated into this statement by reference.

Chief Executive
Responsible for the day to day running of the Group's business and performance and the development and implementation of strategy.

Executive Committee
Assists the Chief Executive in the performance of his duties including:

- the development and implementation of strategy, operational plans, policies, procedures and budgets
- the monitoring of operating and financial performance
- the prioritisation and allocation of resource
- overseeing Group wide initiatives and investments.

Division of responsibilities continued

Time commitment

Time commitment is discussed with prospective Non-Executive Directors as part of the recruitment process. The Board is satisfied that all Non-Executive Directors have sufficient time to meet their commitment to the Company.

On 1 May 2022, Roisin Donnelly was appointed as a Non-Executive Director of Premier Foods plc. Roisin discussed the proposed appointment with the Board during the recruitment process and it was agreed that, taking into account other commitments, she had sufficient bandwidth to take on the role.

Executive Directors may serve as a Non-Executive Director on one other board so long as this does not interfere with their time commitment to the Company. If they do serve, they may retain the fees. Richard Harpin is the founder and Director of Growth Partner LLP which invests in entrepreneurs and nurtures promising businesses. The business is run on a day-to-day basis by a Managing Partner. Ross Clemmow is a Non-Executive Director of London City Airport Limited, a position he held before he joined HomeServe.

Board and other meetings

Eight regular meetings are usually held each year to review and monitor current and forecast performance. Regular reports on monthly financial and operational performance and other matters of importance to the Group ensure that the Board is supplied in a timely manner with the information necessary to make informed judgements. The Board has an annual strategy meeting to devise and discuss the Company's medium and long-term strategic focus and management development strategy. Due to the takeover discussions, a number of ad hoc meetings were held in addition to the scheduled meetings, these have not been included in the attendance table.

Regular formal and informal presentations are given in order to inform Directors of issues of importance affecting the Group. Under normal circumstances, meetings of the Board are occasionally held at the Company's operating sites other than Walsall, to afford the Board, particularly the Non-Executive Directors, the opportunity to meet with local management.

The Chairman and Non-Executive Directors meet at least annually without the Executives. In addition, the Senior Independent Director holds a private meeting of the Non-Executive Directors without the Chairman being present to assess his performance.

Attendance at meetings

All Directors are expected to attend all Board and relevant Committee meetings. Details of attendance by Directors at meetings during the year are set out in the table below. Directors who were unable to attend specific meetings reviewed the relevant papers and provided their comments to the Chairman of the Board or Committee. Any Director who misses a meeting will, as a matter of course, receive the minutes of that meeting for reference.

	Board	Audit & Risk Committee	Remuneration Committee	Nomination Committee	People Committee
D Bower	8/8				3/3
R Clemmow	8/8				
R Harpin	8/8				2/3
T Rusin	8/8				3/3
T Breen	8/8		4/4	2/2	3/3
K Cliffe	8/8	3/3	4/4	2/2	3/3
S David	8/8				3/3
R Donnelly	8/8				3/3
J M B Gibson[1]	1/1		1/1		
E Fitzmaurice	8/8	3/3	4/4	2/2	
O Grémillon	8/8		4/4		
R McMillan	8/8	3/3	4/4	2/2	3/3

[1] JM Barry Gibson stepped down on 18 May 2021.

Executive Committee

Members

Richard Harpin (Chairman)
Bruce Aronow
David Bower
Ross Clemmow
Deb Dulsky
Mike Fairman
Guillaume Huser
Rob Judson
John Kitzie
Anna Maughan
Fernando Prieto
Tom Rusin

Responsibilities

The day to day running of the business rests with the Group Chief Executive, Richard Harpin. The Executive Committee assists the Chief Executive in the performance of his duties including:

- the development and implementation of strategy, operational plans, policies, procedures and budgets
- the monitoring of operating and financial performance
- the prioritisation and allocation of resources
- the oversight of Group wide initiatives and investments.

The Committee has adopted formal terms of reference which are available on our website: **www.homeserveplc.com/about-us/corporate-governance/committees**

Short biographies of the members of the Executive Committee who are not on the Board, are set out on pages 76 to 77.

Composition, succession and evaluation

Our Board

Tommy Breen (63)
Chairman

Appointed to the Board: January 2021 (as Chairman in May 2021)

Committee memberships: N R P

Experience:
A chartered accountant by training and an experienced non-executive director, until 2017 Tommy was Chief Executive of DCC plc, the FTSE 100 listed international sales, marketing and support services group, where he spent a highly successful 30-year career.

Key areas of experience and contribution:
Significant experience delivering sustainable growth in a diverse, international business, both organically and by acquisition.

Principal current external appointments:
Investor in and Director of a number of private companies

Richard Harpin (57)
Chief Executive

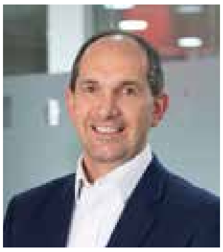
Appointed to the Board: May 2001

Committee memberships: E P

Experience:
Richard is the Founder and Chief Executive of HomeServe, which was set up in 1993 as a joint venture with South Staffordshire Group. Also the founder and Non-Executive Director of Growth Partner LLP, investing in and helping small consumer businesses to step change their growth and the Enterprise Trust, a charity that encourages young enterprise, apprenticeships and SME's. Previously a brand manager with Procter & Gamble, followed by management consultancy with Deloitte and his own company.

Key areas of experience and contribution:
Consumer marketing, management consultancy, entrepreneurship and strong leadership skills.

Principal current external appointments:
Founder and Director of Growth Partner LLP



David Bower (50)
Chief Financial Officer

Appointed to the Board: February 2017

Committee memberships: E P

Experience:
David was appointed as Chief Financial Officer in February 2017. He joined HomeServe in 2005 and has undertaken a number of senior divisional and group finance roles including spending six years as Group Finance Director. Before HomeServe, he spent 12 years at Arthur Andersen, where he qualified as a Chartered Accountant, and then later Deloitte LLP.

Key areas of experience and contribution:
Substantial experience in accountancy, audit, investor relations and mergers and acquisitions.

Principal current external appointments:
None

Ross Clemmow (47)
CEO EMEA

Appointed to the Board: March 2021

Committee memberships: E

Experience:
Prior to joining HomeServe, Ross fulfilled the dual role of CEO of WiggleCRC, the international online sports retailer, and Managing Director at Bridgepoint, where he was responsible for improving digital capability across Bridgepoint's portfolio. Prior to Bridgepoint, Ross held senior roles in digital retail with Argos & Debenhams and in consulting with Bain & Company. Ross started his career at Procter & Gamble in marketing.

Key areas of experience and contribution:
Digital transformation, multi-channel strategy, consumer marketing, private equity.

Principal current external appointments:
Non-Executive Director of London City Airport Limited

Tom Rusin (53)
CEO North America

Appointed to the Board: May 2017

Committee memberships: E P

Experience:
Tom was appointed as CEO North America in 2021 following almost three years as Global CEO, HomeServe Membership and nearly seven years as Chief Executive Officer, HomeServe USA. Previously at Affinion Group where he undertook a number of roles culminating in three years as President and Chief Executive Officer of Affinion Group's North American Division. Before joining Affinion, he owned Just for Travel Inc. He was previously a Non-Executive Director of The Ambassador's Group.

Key areas of experience and contribution:
Affinity marketing, extensive general management experience with people focused leadership skills.

Principal current external appointments:
None

Katrina Cliffe (55)
Senior Independent Director (Independent)

Appointed to the Board: May 2017

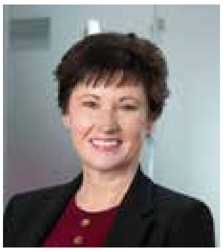
Committee memberships: R A N P

Experience:
Katrina was previously General Manager at American Express Global Business Travel, EMEA, having been General Manager, Global Corporate Payments, UK. Prior to American Express she held senior roles at Lloyds TSB Group PLC, Goldfish Bank Ltd and MBNA International Bank.

Key areas of experience and contribution:
Extensive sector relevant experience in financial and membership services in international consumer focused businesses, experience on other risk, audit and remuneration committees.

Principal current external appointments:
Non-Executive Director of London and Country Mortgages Limited and Naked Wines plc

N Nomination Committee
R Remuneration Committee
P People Committee
E Executive Committee
A Audit & Risk Committee
Denotes Committee Chair



Stella David (59)
Non-Executive Director (Not Independent)

Appointed to the Board: November 2010

Committee memberships:
P

Experience:
Stella spent seven years as Chief Executive Officer of William Grant & Sons following more than 15 years with Bacardi Ltd where she undertook a number of roles including Regional President and culminating in five years as Global Chief Marketing Officer. She was a Non-Executive Director for seven years at Nationwide Building Society and for nine years at C&J Clarks Limited.

Key areas of experience and contribution:
Marketing, drinks industry, experience in international consumer focused businesses and valuable leadership experience as a CEO.

Principal current external appointments:
Non-Executive Director of Bacardi Ltd, Norwegian Cruise Line Holdings and Domino's Pizza Group Plc and Senior Independent Director of Entain plc

Roisin Donnelly (60) Non-Executive Director (Independent)

Appointed to the Board: March 2021

Committee memberships:
P

Experience:
Roisin spent over thirty years at Procter & Gamble. Having joined the business as an assistant brand manager, her last position was CMO of P&G, Northern Europe leading 72 brands across 6 markets. Prior to this she was UK CMO for P&G, leading the biggest media budget in the UK and leading digital and marketing innovation. She is a former non-executive director of two privately-owned businesses, Holland and Barrett Ltd and Bourne Leisure Holdings Ltd, and served as a non-executive director of Just Eat plc from 2016 to 2020.

Key areas of experience and contribution:
Marketing, digital, significant experience leading transformation and turnaround including major acquisitions and divestments, international.

Principal current external appointments:
Non-Executive Director of Premier Foods plc and adviser to the Internet Advertising Bureau Ltd

Edward Fitzmaurice (59) Non-Executive Director (Independent)

Appointed to the Board: May 2017

Committee memberships:
A N R

Experience:
Edward was previously Chief Executive Officer of Hastings Insurance Group and part of the MBO team of that business in 2009. He served as the Non-Executive Chairman of Hastings Insurance Services Ltd until October 2015 and a Non-Executive Director of Hastings Group Holdings plc until March 2017. Prior to joining Hastings, he spent three years at HomeServe as Chief Executive of HomeServe Warranties. His earlier career was spent at Dixons plc and Anglo American.

Key areas of experience and contribution:
Key areas of experience and contribution: Retailing, insurance, significant operational experience leading consumer focused businesses in regulated sectors.

Principal current external appointments:
None

Olivier Grémillon (42) Non-Executive Director (Independent)

Appointed to the Board: March 2019

Committee memberships:
R

Experience:
Olivier is currently CEO of Vivino, the global online wine marketplace and app. He was previously Vice President, Global Segments, at Booking.com before which he was the Managing Director for Europe, the Middle East and Africa at Airbnb. He started his career in strategy consulting and worked for both Deloitte and McKinsey & Company.

Key areas of experience and contribution:
Marketing, international development, product development, strategy and platform businesses.

Principal current external appointments:
CEO, Vivino

Ron McMillan (69)
Non-Executive Director (Independent)

Appointed to the Board: October 2017

Committee memberships:
A R N P

Experience:
A Chartered Accountant, Ron worked in PwC's assurance business for 38 years and has extensive knowledge and experience in auditing, financial reporting and governance. During his time at PwC, his roles included Global Finance Partner, Chairman of the North of England and Deputy Chairman and Head of Assurance for the Middle East.

Key areas of experience and contribution:
Significant experience in accountancy and audit and as chair of other audit committees.

Principal current external appointments:
Senior Independent Director and Chairman of the Audit Committee of SCS PLC and B&M European Value Retail SA. Chairman of N Brown PLC

Composition, succession and evaluation
Our Executive team

Bruce Aronow (56)
Chairman, eLocal

Committee memberships:
E

Experience:
Bruce is currently Executive Chair of eLocal having served as Chief Executive Officer, since 2008. Before eLocal, under the umbrella of Affiliated Managers Group, Bruce served as Managing Partner of Managers Investment Group and COO/CFO of Rorer Asset Management for ten years. Prior to that, Bruce spent over eleven years at PwC specialising in financial services where he left as a Partner.

Key areas of prior experience:
Lead generation, digital marketing, finance and operations, investment management.

Principal current external appointments:
Member of the Board of Trustees for the Copeland Capital Funds and the PFM Multi-Manager Series Trust

Deb Dulsky (52)
Global CEO, HVAC

Committee memberships:
E

Experience:
Deb was appointed as Global CEO, HVAC in November 2018 following nearly eight years in leadership positions at HomeServe USA, most recently as Chief Strategy Officer. Prior to joining HomeServe, Deb led the Marketing Solutions division in the Americas of Williams Lea and served in a number of roles in M&A and business development at Affinion Group. She was previously a Non-Executive Director of The Ambassadors Group.

Key areas of prior experience:
Marketing, digital transformation, entrepreneurial start-ups.

Principal current external appointments:
None

Mike Fairman (55)
CEO, Checkatrade

Committee memberships:
E

Experience:
Mike was appointed as Chief Executive Officer, Checkatrade in October 2018. Before joining HomeServe he was CEO of mobile phone network giffgaff noted for its pioneering online, community powered business model. Prior to giffgaff, Mike undertook a number of roles in O2 including starting and running O2's home broadband business. His early career was focused on marketing in the soft drinks and pet food sectors.

Key areas of prior experience:
Business development, M&A, marketing, international.

Principal current external appointments:
None

Guillaume Huser (55)
CEO, HomeServe France

Committee memberships:
E

Experience:
Guillaume was appointed as Chief Executive Officer, HomeServe France in April 2015. Previously at Affinion Group where he undertook a number of roles culminating in four years as President of Affinion Group's International Division. Before joining Affinion in December 2002, he spent 13 years at American Express firstly in finance, sales and business development roles and later in the Corporate Services Division where he was VP Commercial Card, Western Europe.

Key areas of prior experience:
Financial services, business development, affinity marketing, international.

Principal current external appointments:
None

N Nomination Committee
R Remuneration Committee
P People Committee
E Executive Committee
A Audit & Risk Committee
Denotes Committee Chair

Rob Judson (38)
Global Chief Automation Officer, Membership, Chief Customer Officer, USA

Committee memberships:
E

Experience:
Rob was appointed as Global Chief Automation Officer and Chief Customer Officer USA in January 2021 following two years as Global COO for HomeServe Membership. Rob began his HomeServe career in the UK in 2003, spending the first eight years in a variety of roles progressing from a front-line contact centre employee to Head of Outsourcing in the UK. In 2011 Rob moved to HomeServe North America and assumed responsibility for the service delivery network, contact centre operations and customer experience across North America as EVP Customer Experience.

Key areas of prior experience:
Customer experience, service delivery, contact centres, IT strategy, automation.

Principal current external appointments:
Trustee for Walsall FC Community Fund and Director of Walsall and Bloxwich Town Deal Fund

John Kitzie (68)
CEO, HomeServe UK

Committee memberships:
E

Experience:
John joined HomeServe in 2012, initially as Chief Operating Officer and subsequently as CEO of HomeServe North America. He was appointed as CEO of HomeServe UK in September 2020. Prior to joining HomeServe, he served as Executive Vice President of Global Operations for Affinion Group where he was responsible for contact centres, fulfilment, merchandising, supply chain, procurement and telecommunications. Before joining Affinion Group, he served as President of Savemart and Senior Vice President of Vcommerce.

Key areas of prior experience:
Strategy, retail, service delivery, technology, partner management

Principal current external appointments:
None

Anna Maughan (52)
Company Secretary

Appointed as Company Secretary:
July 2008

Committee memberships:
E

Experience:
Anna started her career at Severn Trent plc and joined South Staffordshire plc as Assistant Company Secretary in 1996. Following the demerger of HomeServe plc and South Staffordshire plc in 2004 she continued as Assistant Company Secretary of HomeServe plc, becoming Company Secretary in 2008.

Key areas of prior experience:
Company secretarial, pensions, share schemes.

Principal current external appointments:
Trustee of, and Secretary to, the industry wide Water Companies Pension Scheme

Fernando Prieto (56)
CEO, HomeServe Spain

Committee memberships:
E

Experience:
Fernando was appointed as Chief Executive Officer, HomeServe Spain in February 2018 having joined the Spanish claims business in 2008, undertaking a number of senior roles including Managing Director. Before joining HomeServe he undertook a number of roles in the insurance sector for CASER and MAPFRE including Chief Actuary, Business Development Director and Chief Marketing Officer.

Key areas of prior experience:
Insurance, marketing, business development.

Principal current external appointments:
Trustee of Fundación Area XXI

Composition, succession and evaluation continued

Board composition

The Board is comprised of seven Non-Executive Directors (including the Chairman) and four Executive Directors. The Non-Executive Directors have a diverse range of skills and experience which enables them to oversee business performance and provide constructive challenge. The Executive Directors have extensive commercial, financial and operational experience both within HomeServe and beyond.

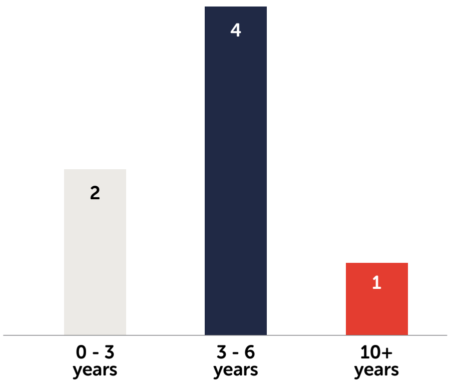
Short biographies of each of the Directors, including their membership of Committees, are set out on pages 74 and 75.

Board development

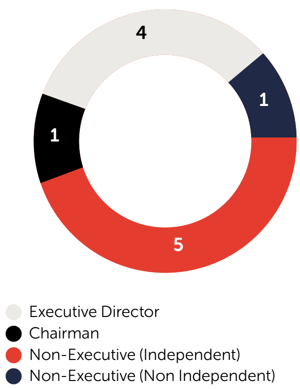
New members of the Board receive a tailored induction organised by the Company Secretary which usually includes visits to the different territories and operations. During the year, a comprehensive programme of video meetings was provided for new Directors and the intention is that once local restrictions and travel challenges are behind us, they will also complete some in person visits. Where required, training on legal and regulatory responsibilities is also provided.

On an ongoing basis, Directors are encouraged to highlight specific areas where they feel their skills or knowledge would benefit from further development.

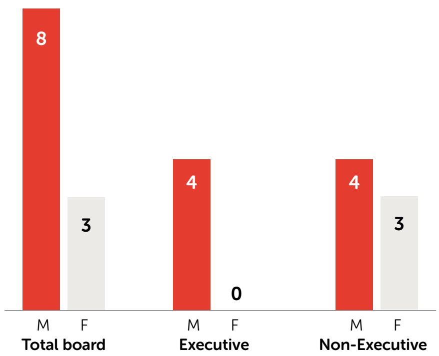
Length of tenure of Chairman and Non-Executive Directors



Board Independence



Board Gender Diversity



Board evaluation

The Board has implemented a formal process for reviewing its own effectiveness, that of its Committees and its individual members. The Board evaluation is facilitated by Lintstock Limited. Lintstock Limited has no other connection with the Company or to individual Directors.

Online questionnaires are completed by all Directors on an annual basis and responses are collated into a report which is discussed at a Board meeting. Every third year, Lintstock interview all the Directors so that any themes can be developed, and feedback investigated in more depth. The questionnaires cover topics such as board composition and dynamics, strategic and operational oversight, risk management and internal control, succession planning and human resources as well as priorities for change.

As a result of the FY21 review, the main areas identified by the Board for continued focus and the actions taken were as follows:

Area of focus	Actions taken
Ensuring that the new Chairman was given the support needed to make his appointment a success	Tommy Breen has completed a comprehensive induction programme. Due to the ongoing challenges of the pandemic, most meetings have been by video but in person visits to a number of HomeServe businesses have now been planned.
Improving the Non-Executive pipeline including the need for increased diversity	The Non-Executive recruitment was paused when Tommy took over as Chairman so that he had an opportunity to assess the Board dynamic and consider skills gaps and succession. The process restarted in Autumn 2021 and an offer was made to a candidate in March 2022 although this did not result in an appointment due to the takeover discussions. More detail on the recruitment process is provided on page 80.

In FY22, Directors completed online evaluation questionnaires in January 2022 and Lintstock compiled a formal written report summarising the Directors' views. This report was discussed by the Board in March 2022, but that discussion coincided with the offer for the business by Brookfield and it was felt that more detailed consideration of the output from the questionnaire should be deferred so that priority could be given to more pressing matters.

Composition, succession and evaluation continued

Nomination Committee report

"We are committed to ensuring that our Board is appropriately diverse and that it reflects diversity in its broadest sense."

I am pleased to present the Nomination Committee report for the year ended 31 March 2022. Following a busy year in respect of Board appointments in FY21, our efforts to improve the diversity of the Board continued in FY22 although disappointingly, we were unable to make any appointments.

Members

Tommy Breen (Chairman from 19 May 2021)
Katrina Cliffe
Edward Fitzmaurice
Ron McMillan
J M Barry Gibson (Stepped down on 18 May 2021)

Responsibilities

The primary responsibilities of the Committee are to:

- make recommendations to the Board on the appointment of Directors
- review the size, structure and composition of the Board
- consider succession planning arrangements for Directors and other senior managers.

The Committee has adopted formal terms of reference which are available on our website: **www.homeserveplc.com/who-we-are/governance/committees/**

Key issues considered during the year

It was agreed in FY21 that we should take a longer-term approach to Non-Executive recruitment to ensure that there was a good balance of new and more established Non-Executives on the Board at any one time. The Committee interviewed three leading consultants and Russell Reynolds were selected to work with us on a search. Russell Reynolds has previously undertaken non-executive searches for the Group. It has no other current connection to HomeServe or to individual Directors. Russell Reynolds is a signatory to the Voluntary Code of Conduct for Executive Search Firms.

Having appointed Roisin Donnelly in March 2021, the process was paused when I took over as Chairman so that I could assess the dynamic of the Board and consider any skills gaps and succession plans. The process resumed in Autumn 2021 and Katrina Cliffe and I interviewed a number of candidates before selecting a small number for a short list. The short-listed candidates met with a number of Board members and the feedback was considered by the Committee. An offer was made to a very suitable candidate in March 2022 but this coincided with Brookfield emerging as a potential bidder for HomeServe and as a result, was not finalised.

Succession planning

We recognise the importance of ensuring that there is an appropriate pool of talented and capable individuals to fill senior roles and a succession planning process has been established across the Group to facilitate this. The process identifies emergency, short-term and long-term successors for each role and therefore allows any training and development requirements or recruitment issues to be highlighted. Each business and corporate function prepares and maintains succession plans with the support of local and Group People functions and with input from the Group Chief Executive. The People Committee regularly discusses the plans and the Nomination Committee reviews the Board succession plans at least annually (and did so in July 2021).

A key issue that we need to address from a Non-Executive perspective is that the three members of our Audit & Risk Committee all joined the Board in 2017 so there is a risk that they will all step down at the same time. We included recent and relevant financial experience in the criteria for the search conducted in the year and the candidate we identified did fit this criteria.

Diversity

We are committed to ensuring that our Board is appropriately diverse and that it reflects diversity in its broadest sense. A combination of demographics, skills, experience, race, age, gender, educational and professional background and other relevant personal attributes will ensure our Board is effective. We believe that diversity of experience and personal strengths are as important as diversity of gender and social and ethnic backgrounds. Our Board Diversity policy is available on our website: **www.homeserveplc.com/media/ykdbtzao/homeserve-plc-board-diversity-policy.pdf**

All relevant factors are taken into consideration when evaluating the skills, knowledge and experience needed to fill each Board vacancy. When recruiting, we require diversity on our long and short lists and in particular, ensure that appropriately qualified women are included on all short lists.

At the year-end 27% of the Board was female. Had it not been for the takeover discussions, I am confident that we would have increased this. We welcome the new Listing Rule on diversity and inclusion and will continue to use our best endeavours to increase the diversity of our Board over the next year.

More information on talent and diversity is provided in the Strategic report on pages 23 to 25.

Tommy Breen

Chairman
24 May 2022

Composition, succession and evaluation continued

People Committee report

"It has been another challenging year for our workforce as a result of the pandemic and it has been even more important to ensure that the Committee was able to hear from them."

I am pleased to present the People Committee report in respect of the year ended 31 March 2022. It has been another challenging year for our workforce as a result of the pandemic and it has been even more important to ensure that the Committee was able to hear from the workforce about how they felt the business was handling the ongoing issues whilst continuing to move forward with the matters on the People Committee agenda.

Members

Stella David (Chair)
Tommy Breen
Katrina Cliffe
Roisin Donnelly
Ron McMillan
David Bower
Richard Harpin
Tom Rusin
J M Barry Gibson (stepped down on 18 May 2021)

Responsibilities

Working alongside the Nomination Committee, the primary responsibilities of the Committee are to:

- determine, agree and oversee the people strategy for the Group
- review the ongoing appropriateness and relevance of the people strategy
- review and make recommendations in respect of the resourcing of the people strategy
- review and oversee the employee engagement strategy.

The Committee has adopted formal terms of reference which are available on our website: **www.homeserveplc.com/who-we-are/governance/committees/**

Key issues considered during the year

The People Committee met three times during the year. In addition to the members of the Committee, representatives from the Group People team and the Company Secretary attend all Committee meetings.

Discussions during the year have been focused on the following:

- Development of our DE&I policy and targets
- Gender Pay Gap
- Apprenticeships
- Employee engagement including targets and action plans
- Recruitment and assessment methodology
- Hybrid working arrangements.

During the year, a People MI dashboard was developed to help the Committee to understand the issues and challenges facing our businesses. This dashboard includes metrics in respect of headcount, attrition, absences, employee relations cases, engagement and DE&I and is accompanied by commentary from each business to highlight any particular trends.

DE&I

The global talent strategy aims to drive the attraction, growth and retention of a deep pool of talented employees with the right capabilities to deliver our growth strategy. We are particularly focused on developing internal talent and are committed to achieving a target of 70% internal hires for senior leadership roles.

Ensuring that our future senior leadership team better reflects the diversity of the markets we serve and the people we employ is a key objective of our global talent strategy. In common with many organisations, we are starting this journey by focusing on a plan to drive gender diversity within our current senior leadership team and in the succession pipeline. We recognise that diversity is much broader than gender but believe that achieving sustainable traction in this critical area of talent will help us develop strategies that can be applied more widely.

During the year, we discussed and agreed a DE&I policy and are working on short and medium-term targets which will apply across the Group. The policy is available here: **www.homeserveplc.com/media/sgznnesr/hs-dei-policy-vs-2-0-apr-2022.pdf**

Workforce engagement

I am the nominated Non-Executive Director in respect of workforce engagement and my role is to ensure that the views and concerns of the workforce are brought to the Board and taken into account. To support me in that role, we established an International People Forum in FY20. Following the first year of operation, we took the opportunity to refresh the membership of the Forum and I was pleased to welcome more frontline and operational representation to the group.

The Forum met twice during the year. Discussions have included the approach to hybrid working, DE&I and culture. The debate on retaining the HomeServe culture and personality in a hybrid world was particularly insightful and will be extremely useful when planning future communications, induction and training. The Forum's thoughts and opinions on hybrid working have continued to have a real influence on the approach taken by the Group.

I really appreciate the honesty and positivity that the members of the Forum bring to our interactions, and I would like to thank them for their contribution during the year.

Going forward

It is clear that having a People Committee has made a real difference in accelerating our people related plans and strategy and having reflected on this, the Board has decided to expand the remit of the Committee to cover wider ESG matters. The Committee will become the ESG & People Committee during FY23 with a view to accelerating activity in other areas of our responsible business policy.

Stella David

Chairman
24 May 2022

Audit, risk and internal control

Board assessment of risk management and internal control

The Board has overall responsibility for the Group's system of risk management and internal control including the setting of risk appetite. The Audit & Risk Committee has a key role to play in overseeing risk management and internal controls and advising the Board. More detail in respect of the role of the Audit & Risk Committee is provided in the report of that Committee on pages 86 to 91.

The Board is responsible for reviewing the effectiveness of risk management and internal control systems and specifically that:

- There is an ongoing, systemised process for identifying, evaluating and managing the principal risks faced by the Group.
- This system has been in place for the year under review and up to the date of approval of this Annual Report.
- The system is regularly reviewed by the Board.
- The system accords with the Financial Reporting Council ('FRC') guidance on risk management, internal control and related financial and business reporting.

During the year, the Board has directly, or through the Audit & Risk Committee, overseen and reviewed the development and performance of risk management activities and practices and the systems of internal control in place across the Group. As a result, the Board is satisfied that the risk management and internal control systems that are in place remain robust and effective.

The Board delegated the responsibility for conducting the work required for it to provide the 'fair, balanced and understandable', 'going concern' and 'viability' statements to the Audit & Risk Committee. In conducting this work, the Audit & Risk Committee acts on behalf of the Board and its activities remain the responsibility of the Board.

The relevant Board statements on these matters are set out on pages 58 to 59 and page 65. The principal risks and uncertainties are set out on pages 32 to 39.

System of risk management and control

The system of internal control is designed to manage and mitigate rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. The Board has delegated the day-to-day management of the Group to the Group Chief Executive and the other Executive Directors.

The risk governance model is based on 'three lines of defence' as follows:

1st line of defence

A risk management framework is in place which includes the agreed risk appetite, policies and procedures. The Group's management operates a formal process for identifying, managing and reporting on the strategic, operational and financial risks faced by each of the Group's businesses. Risks are reviewed in detail at local risk committees and, on an overall basis, by the Executive Directors and the Audit & Risk Committee. Support is provided by the 2nd line of defence oversight functions.

2nd line of defence

Oversight is provided by the various control functions including risk, compliance and specialist functions such as health & safety and information security. The 2nd line provides advice to the Board and the Audit & Risk Committee on risk appetites, review of risk ratings and action plans and reports on risk management.

3rd line of defence

The Group has a dedicated internal audit function and a formal audit plan is in place to address the key risks across the Group and the operation and effectiveness of internal controls. The function reports to the Board through the Audit & Risk Committee.

Risk management cycle

Risk appetite

Risk appetite is defined as the amount and type of risk we are willing to pursue or retain in order to meet our strategic objectives. Our assessment of risk appetite is guided by our vision and mission and informed by our strategic objectives. It is used as a measure against which all of our current and proposed activities are tested.

Risk appetite is reviewed bi-annually to ensure that it is aligned with strategy.

Risk framework

A risk framework is in place across the Group which includes risk appetite, materiality scoring matrices and key risk indicators. Each business is expected to adhere to the Group risk framework and to report regularly on its risk registers and key risk indicators but, if appropriate, the Group framework may be customised to local requirements as long as minimum standards are met. A mechanism exists to extend the Group's risk framework to any significant new business that is acquired or established immediately upon acquisition or start-up.

Risk assessment and risk registers
Our assessment of risk is approached from a top down and a bottom up perspective. Through the Executive Directors, we identify Group Enterprise Risks which are those risks that directly link to our business model and strategy. At a local level, each business identifies strategic and operational risks which are captured on detailed risk registers. Local businesses are also required to ensure that risks designated by the Group to be 'critical' risks are actively managed. These are risks where compliance with a minimum level of control is considered to be non-negotiable (an example of a 'critical' risk is health & safety). Best practice in respect of identifying and mitigating 'critical' risks is shared across the Group.

All risks are assessed in respect of likelihood and impact based on the materiality matrix included in the Group risk framework. Risks are then scored on a gross and net basis and rated as red, amber or green. Consideration is given to whether risks are within or outside appetite and particular attention is given to the controls that are in place and the actions being taken to mitigate the risks. Incidents are recorded and reported on at the relevant committees.

Risk registers are reviewed at local committees and boards across the Group with the Executive Directors and the Audit & Risk Committee having regular oversight of both the Group Enterprise Risks and the principal risks identified by each business.

Risk oversight
Oversight of the risk management process is provided by the Assurance & Risk Director, local risk and compliance teams, the Audit & Risk Committee and, ultimately, the Board.

Internal control
Internal audit acts as the 3rd line of defence. In order to ensure the independence of the internal audit function, the Assurance & Risk Director's primary reporting line is to the Chairman of the Audit & Risk Committee.

The internal audit function fulfils its role and responsibilities by delivery of the annual, risk-based audit plan. There are no restrictions on the scope of internal audit's work.

A report is issued after each audit which provides an opinion on the control environment and details any issues found. Internal audit then works with the businesses to agree remedial actions which are tracked to completion.

The Assurance & Risk Director submits reports to local boards and committees and attends those meetings as required. He attends and reports to every Audit & Risk Committee meeting.

Financial reporting
Three-year business plans, annual budgets and investment proposals for each business are formally prepared, reviewed and approved by the Board.

A clearly defined organisation structure is in place with clear lines of accountability and appropriate division of duties. The Group's financial regulations specify authorisation limits for individual managers and for local boards, with all material transactions being approved by the Board.

Consolidated financial results, including a comparison with budgets and forecasts, are reported to the Board on a monthly basis, with variances being identified and understood so that mitigating actions can be implemented, where appropriate. Ahead of the financial results being presented to the Board, monthly business review calls are held, attended by Executives, representatives from the Group finance function and local senior management. These calls provide an opportunity for a detailed review of performance and to identify any issues or trends.

Half year and annual consolidated accounts are prepared and verified by the finance team and reviewed by the Executive Directors and the external auditor. The accounts are then considered by the Audit & Risk Committee which makes a recommendation in respect of their approval to the Board. The Board then reviews and approves the accounts prior to the announcement of the half year and annual results.

The Board considers that the processes undertaken by the Audit & Risk Committee are appropriately robust, effective and in compliance with the guidelines issued by the FRC. During the year, the Board has not been advised by the Audit & Risk Committee on, or identified itself, any failings, fraud or weaknesses in internal control which have been determined to be material in the context of the financial statements.

Viability statement
The approach to the viability statement and the statement itself are set out on pages 58 to 59.

Audit & Risk Committee report

"I shall continue to ensure that the Committee continues to acknowledge and embrace its role of protecting the interests of shareholders as regards the integrity of the published financial information and the effectiveness of the audit."

I am pleased to present the Committee's report for the year ended 31 March 2022.

The Committee is an important element of the Group's governance structure. Our role is to review and advise the Board on financial reporting including the various statements made in the Annual Report on viability, going concern, risk and controls and whether, when read as a whole, the Annual Report is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy.

Members

Ron McMillan (Chair)
Katrina Cliffe
Edward Fitzmaurice

All members of the Committee are independent Non-Executive Directors, and the Committee as a whole has competence relevant to our sector. I have recent and relevant experience in respect of my role. I am a chartered accountant and worked in PwC's assurance business for 38 years, with 28 years as an audit partner, and have extensive knowledge and experience in auditing, financial reporting and governance. During my time at PwC, my roles included Global Finance Partner, Chairman of the North of England and Deputy Chairman and Head of Assurance for the Middle East. I also chair the Audit Committees of SCS PLC and B&M European Value Retail SA.

All members of the Committee have an understanding of financial reporting, relevant corporate legislation, the functions of internal and external audit and the regulatory and compliance framework of the Group. Katrina Cliffe brings relevant experience in financial services and has recently served on risk and audit committees elsewhere. Edward Fitzmaurice has extensive relevant experience of retail and insurance having served as Chief Executive Officer of Hastings Insurance Group.

The internal and external auditors, the Chief Financial Officer, the Chief Executive Officer and the Chairman are invited, but are not entitled, to attend all meetings. Where appropriate, other Executive Directors and managers also attend meetings at the Chairman's invitation. The external and internal auditors are provided with the opportunity to raise any matters or concerns that they may have, in the absence of the Executive Directors, whether at Committee meetings or, more informally, outside of them.

Board reporting

I provide an update to the Board after each Committee meeting and the minutes of meetings are circulated to the whole Board.

Committee Effectiveness

The effectiveness of the Committee is reviewed as part of the annual Board review process facilitated by Lintstock. The FY22 review concluded that the Committee was operating effectively and benefited from a high-quality cycle of work.

Responsibilities

The primary responsibilities of the Committee are to:

- monitor, on behalf of the Board, compliance with and the effectiveness of, the Group's accounting and internal control systems
- review the independence of the external auditor and agree their terms of engagement and remuneration
- review the scope of and outputs from the external audit
- approve the scope of the work undertaken by and the outputs from the work done by internal audit
- make recommendations to the Board on accounting policies and their application
- review critical judgements and key sources of estimation uncertainty as reflected in the financial statements
- review the annual and interim financial statements before they are presented to the Board
- review the Group's overall risk appetite, tolerance and strategy
- monitor, on behalf of the Board, current and emerging risk exposures
- receive reports from compliance functions and review and approve the means by which the Group seeks to comply with its regulatory obligations.

The Committee has adopted formal terms of reference which are available on our website: **www.homeserveplc.com/who-we-are/governance/committees/**

Summary of meetings in the year

The Committee usually meets three times in the year and did so in FY22. Details of meeting attendance are set out on page 72. The timing of Committee meetings is arranged to accommodate the release of financial information, the approval of the external and internal audit plans and the review of the outputs of those plans. In addition to scheduled meetings, I met with the CFO and members of his team, the Assurance & Risk Director and the external auditor on a number of occasions to receive updates on activity.

Items discussed	May 2021	November 2021	February 2022
Financial Reporting			
Full year results	●		
Interim results		●	
Review of critical judgements and sources of estimation uncertainty	●	●	
Fair, balanced and understandable conclusion in respect of the Annual Report	●		
Liquidity, viability and going concern	●	●	
Consideration of new accounting standards	●	●	●
Internal Audit			
Internal audit plan			●
Internal audit reports	●	●	●
Internal audit effectiveness and independence			●
External Audit			
External audit plan			●
External audit reports	●	●	
External audit effectiveness and independence	●		
Approval of fees and review of non-audit services	●	●	●
Risk			
Risk appetite and the risk management framework	●		
Risk registers	●	●	●
Other matters			
Regulatory compliance activity	●	●	●
IT security		●	
Post investment reviews of acquisitions		●	

Audit & Risk Committee report continued

Significant issues related to the financial statements

The Committee oversees the process used by the Board to assess the going concern and viability of the Group, the stress testing of key trading assumptions and the preparation of the viability statement which is set out on pages 58 to 59.

The Committee also satisfied itself that the disclosures in relation to accounting judgements and key sources of estimation uncertainty were appropriate and obtained, from the external auditor, an independent view of the key disclosure issues and risks. Management present reports to the Committee setting out the basis for the assumptions used and these reports are then discussed and challenged by the Committee. All of the issues were also discussed with the external auditor and their views taken into account. The Committee is satisfied that the judgements made are reasonable and appropriate disclosures have been included in the accounts.

The Committee assessed whether suitable accounting policies had been adopted and whether management had made appropriate estimates and judgements. The Committee also reviewed reports from the external auditor on the half year and full year results, which provided an overview of the audit work undertaken and highlighted any issues for discussion.

The significant issues considered in the year were:

Issue	How it was addressed by the Committee
Revenue recognition As an insurance intermediary, the Company is required to recognise revenue at the point at which a policy goes on risk. Some elements of revenue are deferred to cover future costs and also to provide for policies which may cancel mid-term.	The Committee satisfied itself that the accounting policies for revenue are compliant with IFRS 15 and considered whether any changes were needed to take account of Covid-19.
Carrying value of goodwill The total goodwill balance at 31 March 2022 of £667.9m has been allocated to the relevant cash generating units (CGUs) and tested for impairment by comparing the carrying value of net assets (including allocated goodwill and acquisition intangibles) with the value in use, defined as the present value of future cash flows attributable to the CGUs.	The Committee reviewed the 'headroom' to ensure that the value in use supported the carrying value of the net assets with particular regard to the actual and potential impact of Covid-19 and satisfied itself that no impairment was required.
Business combinations During the year the Group completed a number of acquisitions.	The Committee reviewed the Group's accounting for acquisitions and satisfied itself that it was appropriate.
Covid-19 impact The Covid-19 pandemic has had an impact in all of HomeServe's territories.	The Committee considered the impact of Covid-19 on the financial sustainability and operational resilience of the business, taking into account the additional stress testing completed as part of the going concern and viability assessments. It satisfied itself that the business is well placed to face the ongoing challenges of the pandemic.
eServe impairment costs A review of the eServe system was completed and having assessed the position, it was agreed that development should be halted and customers migrated back onto the legacy system, Ensura. As a result, an impairment review was completed which concluded that the carrying value of eServe and the associated asset was fully impaired.	The Committee considered the review of eServe and the impairment reviewed and satisfied itself that carrying value was completely impaired.
SaaS accounting As clarified by the International Financial Reporting Interpretations Committee in April 2021, configuration and customisation costs on SaaS arrangements should only be capitalised where an entity controls the underlying SaaS software, or a separate intangible asset has been generated that meets the criteria for capitalisation under IAS 38.	The Committee reviewed the Group's application of the agenda decision, including the decision not to restate the impact on the comparative financial information on the grounds of materiality. The Committee satisfied itself that the revised accounting policies and their application for the capitalisation of intangible assets are compliant with the agenda decision.

Board statements

Critical judgements and key sources of estimation uncertainty

The Group has identified critical accounting judgements in relation to business ownership interests. Key sources of estimation uncertainty arise in relation to claims handling obligations in respect of revenue deferrals, pension valuation and the impairment of goodwill and acquisition intangibles. Other areas of focus include the valuation of acquisition intangible assets, the valuation of put options over non-controlling interests and policy cancellations.

The Committee discussed how these matters impacted on the financial statements with the auditor and reviewed the sensitivities considered by management.

Critical accounting judgements and key sources of estimation are set out on pages 154 to 155.

Going concern
The Committee reviewed whether it was appropriate to adopt the going concern basis for the preparation of the Annual Report and considered a report from management. Consideration was given to the Group's three-year forecasts, availability of committed bank facilities, expected headroom under the financial covenants and the impact of the Covid-19 pandemic. The Committee ensured that the assumptions underpinning the forecasts were stress tested and that the factors which impact on risks and uncertainties were properly considered. Additional stress tests had been completed to take account of Covid-19.

Following the Committee's review, it recommended to the Board that it was appropriate to adopt the going concern basis. The going concern statement is set out on page 59.

Viability statement
The Committee reviewed a report from management setting out the basis for the conclusions in the viability statement. The approach to the viability statement and the statement itself are set out on page 58.

Fair, balanced and understandable
The Committee considered whether:

- the Annual Report was clear and presented a balanced view of successes, challenges, opportunities and risks
- key messages were prominent and appropriate KPIs were disclosed
- reporting in respect of business segments, significant issues and key judgements were consistent with disclosures in the financial statements
- definitions provided were explained and Alternative Performance Measures (APMs) were reconciled with the closest IFRS measure in the financial statements.

The Committee also noted that:

- key contributors to sections of the Annual Report (such as Executive Directors and local CEOs) had been asked to confirm the accuracy of the information provided
- an internal verification exercise had been completed in respect of the information contained in the Annual Report
- external support had been provided by FutureValue, a corporate reporting consultancy and Korn Ferry, who reviewed the Directors' Remuneration Report
- drafts of the Annual Report had been circulated to Committee Chairs and the full Board for review.

Having reviewed the Annual Report, the Committee and subsequently, the Board were satisfied that taken as a whole, the Annual Report was fair, balanced and understandable and provided the necessary information for shareholders.

Robust assessment of emerging and principal risks
The Committee completed a robust assessment of the emerging and principal risks by reviewing the Group Enterprise Risks and the top ten risks in respect of each business. Particular attention was paid to any risk that was out of appetite and consideration was given to the mitigating actions being taken.

Risk management and internal control

The Board has overall responsibility for the Group's system of internal control and for reviewing its effectiveness. The Audit & Risk Committee supports the Board by advising on the Group's overall risk appetite, tolerance and strategy, current risk exposures and future risk strategy. The Committee reviews risk registers produced by the management of each business and the plc function along with the Group Enterprise Risks at each of its meetings. On a periodic basis, we also review action plans in respect of significant risks.

The Committee also monitors, on behalf of the Board, the effectiveness of the Company's material accounting and internal control systems. In fulfilling this responsibility for FY22, the Committee considered reports from management and the internal and external auditors.

The Committee considers that appropriate controls are in place across the Group, that the Group has a well-defined organisational structure with clear lines of responsibility and a comprehensive financial reporting system. The Committee also considers that the Group complies with the Financial Reporting Council ('FRC') guidance on risk management, internal control and related financial reporting.

Further details in respect of risk management and internal controls are set out on pages 84 to 85.

Details in respect of the principal risks and uncertainties are set out on pages 32 to 39.

Audit & Risk Committee report continued

Regulation and compliance

The Group operates in a regulated marketplace and faces the challenges of regulatory requirements across its different territories. This creates risk for the business as non-compliance can lead to customer detriment, reputational damage, financial penalties and potential loss of licence to operate.

The Committee receives regular updates on legal and compliance from management and believes that key compliance indicators are strong across the Group. All established businesses outside the UK are required to complete Annual Compliance Reports to confirm that the requirements of the Group Compliance Framework have been met and that processes and controls are sufficient to identify breaches in local law and regulations.

External auditor

The Committee is responsible for assessing the effectiveness of the external audit process, for monitoring the independence and objectivity of the external auditor and for making recommendations to the Board in relation to the appointment of the external auditor. The Committee is also responsible for developing and implementing the Group's policy on the provision of non-audit services by the external auditor.

Deloitte LLP has been the Group's auditor since 2002 and the lead audit partner rotates every five years. The current lead audit partner, Peter Birch was first appointed for FY20.

Prior to each audit or review, Deloitte presented their plan to the Committee for discussion. The Committee reviewed the reports prepared by Deloitte on key audit findings and any significant deficiencies in the control environment, as well as the recommendations made to improve processes and controls together with management's responses to those recommendations. Deloitte did not highlight any material internal control weaknesses in respect of the FY22 audit.

The Committee also discussed with Deloitte, the results of the FRC's firm-wide review of Deloitte's audit quality and the proposed improvement plans arising from the report. The Committee noted that no firm inspected achieved the quality targets set by the FRC and will monitor progress against the improvement plans.

The Committee reviews the performance of the external auditor annually based on their understanding of the Group, their approach to key areas of judgement and the extent of challenge, the quality of reporting and the efficiency and conduct of the audit. Feedback is also sought from Group finance and local finance directors on the external auditor's performance. We also reviewed the external auditor's transparency report, which is intended to demonstrate the steps it takes to ensure audit quality with reference to the Audit Quality Framework issued by the Professional Oversight Board of the FRC. In addition, I meet with the external auditor outside of formal Committee meetings to ensure that there is an ongoing dialogue.

Having considered the qualifications, expertise and resources of Deloitte LLP, the Committee is satisfied that Deloitte LLP continues to provide constructive and independent challenge to management and consistently demonstrates a realistic and commercial view of the business. As such, the Committee has concluded that the audit process is effective and has therefore recommended to the Board that the re-appointment of Deloitte LLP should be proposed at the forthcoming Annual General Meeting.

It is our intention to tender the audit for the period ending 31 March 2025 in accordance with the auditor rotational guidelines and the accompanying transitional rules. This process will be completed during FY23.

The Company confirms that it has complied with the provisions of the CMA's Statutory Audit Services Order for the financial year under review.

In accordance with International Standards on Auditing (UK & Ireland) 260 and Ethical Statement 1 issued by the Accounting Practices Board, and as a matter of best practice, the external auditor has confirmed its independence as auditor of the Company.

Non-audit services

The Committee has approved a policy in respect of non-audit services which reflects the Ethical Standards. The policy sets out a list of prohibited services and, prevents Deloitte LLP from providing almost all taxation services. The policy provides that the total fees payable to the auditor for non-audit related work in any financial year should not normally be more than 50% of the total fees payable in respect of audit and compliance services. In addition, any proposed spend over a predetermined limit must be approved by the Committee.

The fees payable to the auditor in respect of audit and audit-related assurance services totalled £1.8m and there were no fees incurred for non-audit related work (excluding audit-related assurance services). Further detail on the fees paid is provided in Note 5.

Internal audit

The Committee reviews and approves the internal audit plan which is based on an assessment of the risks faced by the Group. The internal audit team undertakes an initial review of the risks and drafts a plan which addresses those risks while taking into account the need to review key control processes on a cyclical basis. The draft plan is then discussed with senior management in each business or territory before being presented to the Committee.

Progress in respect of the plan is monitored throughout the year and considered at each meeting of the Committee. Consideration is also given at each meeting as to whether there is sufficient resource to deliver the plan and whether the external resource available through the co-sourced arrangements needs to be adjusted. The audit plan may be reviewed during the year as a result of the ongoing assessment of the key risks or in response to the needs of the Group.

The Assurance & Risk Director reports ultimately to the Chairman of the Committee although he reports on a day-to-day basis to the Chief Financial Officer. He attends all meetings of the Committee and reports regularly to the Executive Committee. A report on completed internal audits is presented to each meeting of the Committee and, where appropriate, action plans are reviewed. In addition, all grade 1 audit reports are circulated to the Committee as soon as they are finalised so that any issues can be addressed in a timely manner. Reports are graded as 1 if the controls currently operated are inadequate and expose the business to significant loss or regulatory breach.

During the year, the Committee received 81 reports in respect of the following areas:

Finance Key financial controls and processes including balance sheet control reviews, purchase to pay, order to cash and record to report cycles.
Operations Key operations processes including fulfilment, contractor management, business continuity planning and disaster recovery, compliance and risk management.
IT controls Key IT controls including disaster recovery, mobile device management and general controls such as logical access, back up and restore processes and controls.
Information Security Developments in information and cyber security including penetration testing, firewalls, server security and crisis management.

In relation to each of the above, internal audit made recommendations for improvements, the vast majority of which have been, or are being implemented by management. Management's approach to internal audit is positive and there is a real desire to work collaboratively to continually improve the control environment. Action trackers are reported on at each Committee meeting.

The internal audit function continues to benefit from co-sourced arrangements with PwC and KPMG which are used to augment the internal skills and experience available and ensure that the Group can access appropriate technical and specialised resource on a global and flexible basis.

The Committee has discussed the performance of internal audit and believes that internal audit performs in a very professional manner, provides constructive challenge and demonstrates a realistic and commercial view of the business.

Conclusion and looking ahead

The Committee considers that it has acted in accordance with its terms of reference and that it has ensured the independence, objectivity and effectiveness of the external and internal auditors.

Going forward, I shall ensure that the Committee continues to acknowledge and embrace its role of protecting the interests of shareholders as regards the integrity of the published financial information and the effectiveness of audit.

I am available to speak with shareholders at any time. I would like to thank my colleagues on the Committee for their help and support during the year.

Ron McMillan
Chairman of the Audit & Risk Committee
24 May 2022

Directors' remuneration report
Annual statement

"The Committee continues to focus on ensuring that our remuneration arrangements are consistent with our company purpose and strategy and deliver rewards that clearly link to the successful implementation of our long-term plans."

I am pleased to present the Remuneration report for the year ended 31 March 2022.

FY22 – the year in review

The pandemic has continued to have an impact on the work of remuneration committees, particularly in respect of incentives and retention. The labour market is challenging, and the rising cost of living is a concern for all of our employees. The Committee continues to focus on ensuring that our remuneration arrangements are consistent with our company purpose and strategy and deliver rewards that clearly link to the successful implementation of our long-term plans.

We delivered good financial results in respect of FY22 with 15% growth in adjusted profit before tax, the key financial metric used for our annual bonus scheme. There was also good performance in respect of our non-financial measures which, combined with excellent personal performance, has resulted in a bonus payment for the Executive Directors at 66 - 75% of the maximum available. The Committee believes this is a fair outcome for the strong business performance over the course of the year and has not exercised any discretion in respect of the performance outcome.

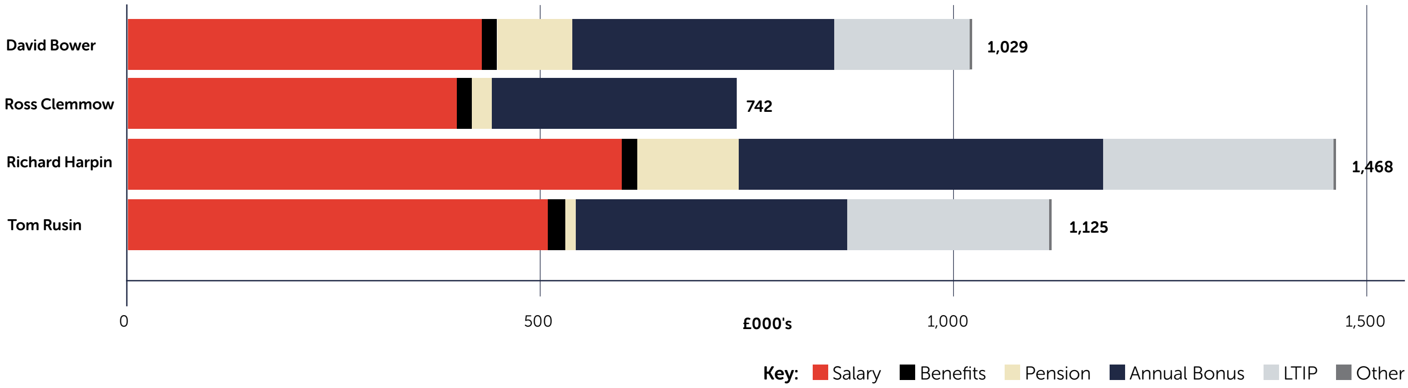
In respect of longer-term performance, the LTIP awards granted in 2019 will only partially vest in June 2022. The awards were based 25% on relative total shareholder return (TSR) performance and 75% on adjusted earnings per share (EPS) performance. The threshold in respect of TSR performance was not achieved, but EPS growth of 9.54% was delivered, so this element of the awards will partially vest. Overall, 23.93% of the awards will vest. We believe that this demonstrates the highly performance orientated structure of our LTIP and is evidence of the remuneration policy operating as intended. The vested shares, net of tax, are subject to a two-year post-vesting holding requirement.

As reported last year, we increased the size of the Performance Share award granted in FY22 from 150% to 200% of basic salary. This higher award level was in line with the 200% limit set out in the Directors' remuneration policy, although we had chosen to grant at the lower 150% level in the previous few years. To reflect the higher potential reward, we made a corresponding increase to the EPS targets. In practice, this will mean that the extra 50% of salary will only vest for the achievement of EPS growth over the performance period higher than that which would be required for full vesting under an award at 150% of salary. For vesting of the element of the award equivalent to 150% of salary, EPS growth of 7%-13% CAGR will be required, the same as applied to the FY21 Performance Share award. Vesting of the element above 150% up to 200% of salary will require EPS growth of 13%-16% CAGR, thus ensuring that there is a benefit to participants only in the event of EPS performance materially in excess both of internal and external forecasts. This level of EPS growth required for an LTIP award is amongst the highest in the market.

The Committee was very aware that HomeServe's share price fell following the announcement of our results in May 2021 and decided that it would be appropriate to take this into account when granting awards under the LTIP. The price used to calculate the number of shares in the Performance Awards was £10.37, which was the closing mid-market price of a HomeServe plc share on 17 May 2021 (the day before the announcement of the Preliminary Results for the year ended 31 March 2021). This was significantly higher than the share price immediately prior to the date of grant of the awards (£9.675). The use of the higher share price means that Executives did not benefit from receiving a higher number of shares in their Performance Award because of the share price performance following the results announcement.

Remuneration at a glance

Single Total Remuneration Figure (£000)



Annual Bonus Outcome

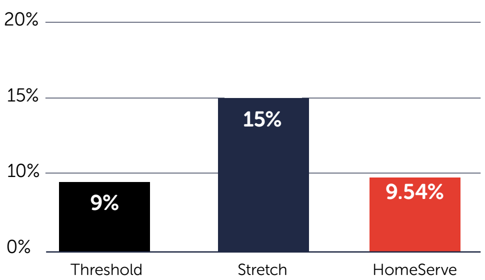
		Weighting	% Payable at Threshold	Threshold	Maximum	Actual	% Payable
Financial measures	Adjusted Group profit before tax	40%	10%	£215.0m	£220.0m	£220.3m	40%
Non financial measures	Customer growth	15%	3%	8,614k	8,819k	8,373k	0%
	Trades growth (Checkatrade)	5%	2%	50.0k	59.4k	46.9k	0%
	Trades growth (Habitissimo)	5%	2%	11.8k	13.1k	10.8k	0%
	Customer dissatisfaction[1]	3.7%	0.73%	5.0%	4.5%	4.5%	3.7%
	Customer 5 star rating [1]	11.3%	2.27%	4.64	4.68	4.74	11.3%
	Personal objectives	20%					11 - 20%

[1] Customer dissatisfaction is measured as a weighted average across our UK and Spanish Membership businesses and the 5 star rating is measured as a weighted average across our North American, French and Spanish Membership businesses.

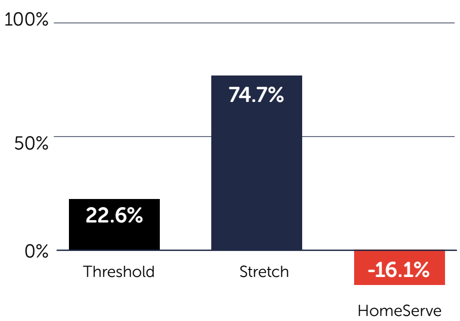
FY22 **66-75%** payout

LTIP Outcome

Adjusted earnings per share (75% weighting)



Relative TSR (25% weighting)



23.93% vesting

Directors' remuneration report continued

Annual statement continued

Proposed Changes to the Directors' remuneration policy

We indicated last year that we were minded to review our Directors' remuneration policy during FY22. We completed this review during the year and developed a set of proposals for a new policy which we shared in advance with major shareholders. Having received generally positive feedback during this consultation process, we will be presenting a revised policy for shareholder approval at the forthcoming AGM. Although this is one year earlier than is technically required under the regulations, we believe that now is the right time to make some important changes.

a) Background

The existing Directors' remuneration policy was last approved at the AGM in 2020. We reviewed it in the context of the ongoing evolution of HomeServe's strategic priorities and changes in institutional investors' preferences and expectations on executive pay. In proposing a new policy, we seek to retain key features of the existing approach which have served HomeServe and its shareholders well, namely the clear link with performance and the focus on equity as a major part of the reward package. We have decided, however, to simplify the current structures and put in place incentives which are relevant to those Directors who lead our major divisions.

Critically, in light of the importance of the North American market to HomeServe's future growth, and the current retention and reward pressures in the United States in particular, we have specific proposals in respect of Tom Rusin, who serves on the Board as CEO, North America. The changes are explained in more detail below. Other than for Tom, there is no change in the level of remuneration under the new Policy.

b) A new approach to long-term incentives

To simplify and provide greater alignment of equity incentives throughout the organisation, we will cease making matching awards of shares under the LTIP. Therefore, with effect from the financial year beginning 1 April 2022, Executive Directors will only receive awards of performance shares. To reflect the absence of matching awards, we propose to increase the maximum performance award grant limit from 200% to 350% of salary (and are seeking shareholder approval at the AGM for amended LTIP rules to allow for this higher limit). Grants to the Executive Directors will normally be made at a level of 250% of basic salary, although a different approach will apply to Tom Rusin, as explained below.

As is normal, the new policy provides flexibility to set appropriate performance conditions for each year's grant. For the grant we intend to make after the AGM, we propose a structure with three equally-weighted metrics: (1) EPS growth, similar to the approach taken for prior year awards; (2) relative TSR performance, measured against companies ranked 31-200 in the FTSE index (i.e. the same as used to date for the matching awards) and; (3) return on invested capital (ROIC). This latter metric is new and will ensure that the management team is closely focused on efficient capital allocation as HomeServe enters its next growth phase. For all three measures, the Committee will set challenging performance targets.

c) Additional LTIP award for Tom Rusin

In the US, there is currently a phenomenal level of demand for top-quality executives in relevant sectors of the market, which is putting pressure on our ability to recruit and retain the very best talent. We are in the process of restructuring HomeServe's incentive provision for senior leaders in the US to better match the typical packages on offer in comparable companies. In Tom Rusin's case, we have some concerns that his current remuneration is not competitive when measured against practice at US companies of a similar size to HomeServe's North American division. This is a particular issue given the significant level of interest from private equity in comparable businesses in the US, and creates a retention risk, which is of concern to the Committee and the Board given Tom and his team's importance to leading this crucial part of our business.

We have given considerable attention to the appropriate incentive arrangements for the US business. There is significant use of restricted share awards at all senior levels in the US market and, for the US Membership division we will be supplementing existing performance share awards with a restricted share award. However, as Tom Rusin serves as an Executive Director, we are keen to ensure that all of his long-term incentives are based on the achievement of stretching performance conditions. Therefore, for Tom, we have decided to enhance his long-term incentive provision through an additional award of performance shares each year. In line with the approach for the other Executive Directors, he will receive a performance award at a level of 250% of basic salary with vesting subject to the same EPS, TSR and ROIC measures set out above. In addition, he will receive a further 100% of salary performance award, which will vest subject to the achievement of stretching targets relating to profit growth and ROIC in the North American business over the three-year performance period.

This will provide Tom with an equity incentive which, although structured differently to US practice, is competitive in the local market and is more aligned to his direct reports who will have their entire performance share award based on US profit performance. This will also ensure that there remains full alignment to the interests of HomeServe shareholders in that any benefit will depend on challenging targets being met.

d) Annual bonus

The annual bonus scheme for the Executive Directors is currently limited to a maximum of 100% of basic salary, payable in cash. In partial recognition of the removal of matching awards, we are increasing this to 150%. At the same time, the level of bonus for on-target performance will reduce slightly from 80% to 75% of salary. We are also introducing a share-based element, whereby one-third of any net bonus must be invested in shares which are held for a minimum of three years, thus ensuring ongoing alignment with shareholders.

At present, 40% of Directors' bonuses is based on Group PBT performance, with the remaining 60% subject to achievement of a mixture of Group non-financial and personal objectives. Under the new Policy, we will place a greater emphasis on financial performance, shifting to a 60%/40% financial/non-financial split, as considered appropriate given the higher bonus opportunity.

For Richard Harpin, the CEO, and David Bower, the CFO, the focus for the FY23 bonus scheme will remain on Group PBT for the financial element, and a Group-wide customer measure for half of the non-financial element. For the other half, we have introduced Group strategic and ESG metrics linked to specific priorities for the business for the coming year.

For Ross Clemmow, the CEO, EMEA, and Tom Rusin, we have tailored the metrics more closely to their specific area of responsibility. Half of the PBT element will be based on Group performance, recognising their Group roles as Executive Directors, and half on divisional performance. The customer measure will relate to divisional performance.

Full details of the specific targets will be included in next year's Directors' remuneration report.

e) Other matters

No other major changes have been made to the remuneration policy. We will continue to operate a shareholding requirement which, at 300% of basic salary, is higher than the market norm. Our post-employment shareholding requirement is in line with good practice, although we have clarified the precise wording to reflect standard practice. As promised last year, the 20% of salary pension contribution rate for the CEO and CFO will reduce to the workforce average, currently 6% of salary, on 1 December 2022.

Basic salary levels for the Executive Directors

For Tom Rusin, the Remuneration Committee decided that given the pressing retention issues in the context of the US market environment, it was necessary to adjust his salary as soon as possible. Therefore, we agreed that Tom's salary would increase from \$679,575 to \$780,000 (an increase of 14.8%) with effect from 1 January 2022. In reaching this decision, we concluded that the situation in the US market was such that the risks of delaying consideration of an increase for the successful leader of our North American business were too high.

We are of course cognisant of the impact of the salary increase on the other aspects of Tom's pay discussed above and believe that, together, the salary increase and the enhanced long-term incentive, represent a compelling proposition that will retain Tom for the long-term and enable the US business to continue to deliver outstanding performance. We have checked Tom's revised package against relevant benchmark data for US companies of a comparable size to the North American division, and while it is still below US market rates, it is now considered to be sufficiently competitive. Also as noted above, we are committed to retaining a UK style equity package with all awards linked to stretching targets, rather than a US package incorporating an element of restricted shares.

The Committee has reviewed the salaries of the other Executive Directors to apply with effect from 1 July 2022 and has agreed increases for Richard Harpin, David Bower and Ross Clemmow of 3%. This compares to an average increase for both UK and US based employees of 5%. Tom Rusin will not receive an increase as his salary was reviewed with effect from 1 January 2022 as explained above.

Remuneration for the wider workforce

The Committee continues to review workforce remuneration and related policies to ensure that there is consistency and alignment with the approach taken for Executive Directors. The Committee is kept informed of pay practices across the Group and spends a considerable amount of time reviewing incentive structures and other matters for below-Board executives and employees more broadly. As indicated above, a substantial amount of time has been taken during FY22 to review and consider the appropriate long-term incentive provision for key employees within the business. We are committed to ensuring that HomeServe operates remuneration practices at all levels that are fair and appropriate and aligned to our values whilst enabling pay to be set at a level necessary to attract, incentivise and retain high-calibre individuals, while not overpaying.

Directors' remuneration report continued

Annual statement continued

Conclusion

The Committee believes that the updated remuneration policy will provide a simpler and stronger link between business (and, where appropriate, divisional) performance and individual reward for the Executive Directors. With the exception of Tom Rusin – where an enhancement to his package is being proposed in light of very specific market conditions in the US – overall incentive opportunities as a percentage of salary are not increasing, when the removal of the matching award element is considered. This is illustrated by the table below, which shows the "on-target" and maximum levels of reward under the current and proposed policies (expressed as a % of basic salary), as it applies to all Executive Directors except Tom Rusin.

	Current		Current (reflecting the higher PSP award in FY22)		Proposed	
	On-target	Maximum	On-target	Maximum	On-target	Maximum
Annual bonus	80%	100%	80%	100%	75%	150%
Matching shares	90%	150%	90%	150%	n/a	n/a
Performance shares	90%	150%	120%	200%	150%	250%
Total	**260%**	**400%**	**290%**	**450%**	**225%**	**400%**

For the annual bonus, the on-target level of payout is reducing from 80% of the maximum award to 50%, consistent with investor expectations. For long-term incentives, we have assumed a 60% level of vesting for on-target performance, which is consistent with past assumptions.

The Committee is satisfied that the updated policy will serve us well over the coming years and continue to motivate and retain our Executive Directors. I would welcome your support for the new policy and the other remuneration related resolutions at the forthcoming AGM.

Recommended offer

On 19 May 2022, Brookfield Infrastructure Funds announced the terms of a recommended offer for the Group. The Remuneration Committee is in the process of carefully considering the full implications of the offer, including in respect of the impact on participants in the various share plans operated by HomeServe.

Katrina Cliffe

Chair of the Remuneration Committee
24 May 2022

Directors' remuneration policy

The Directors' remuneration policy sets the overall framework for the remuneration of the Directors of the Company. The policy must be approved by shareholders by way of a binding vote. All remuneration payments and payments for loss of office must be consistent with the terms of the approved remuneration policy. If the Company wishes to make a payment which is not consistent with the policy, it must seek shareholder approval for an amendment to the policy before the payment can be made.

Subject to shareholder approval, this policy will apply from the date of the 2022 AGM.

The policy was developed by the Remuneration Committee following a detailed review undertaken in conjunction with the Committee's external advisers. This considered the ongoing evolution of HomeServe's strategic priorities and changes in institutional views and the broader corporate governance environment since the policy was last approved in 2020. The review also took into account specific issues relating to the competitiveness of the North American markets and the need to put in place appropriate retention and reward structures to mitigate the risks of losing key people in these markets. The Committee considered a number of alternative policy approaches before agreeing on a set of proposals which it communicated to major shareholders in a consultation exercise.Taking into account the generally positive comments received from those consulted, the Committee agreed to take forward the policy proposals to shareholders by way of a formal vote at the 2022 AGM. The Committee was aware of the need to avoid conflicts of interest during the development of the policy. No Director was responsible for determining his or her own remuneration.

The remuneration policy remains based on the following key principles:

- To clearly align rewards with the Group's financial and operational performance;
- To ensure that remuneration – particularly variable pay – supports the Group's strategy and purpose;
- To promote high levels of executive share ownership to encourage a long-term focus and alignment of interest between executives and shareholders; and
- To attract, retain and motivate high-calibre executives.

Executive remuneration is structured in two distinct parts: fixed remuneration of basic salary, pension and benefits and variable performance-related remuneration in the form of an annual bonus and long-term incentive arrangements. Remuneration for Executive Directors is structured so that the variable pay element forms a significant portion of each Director's package.

The key changes to the policy approved in 2020 are set out below:

- In the interests of simplification, we have removed the matching shares element from the long-term incentives. Only performance shares will be granted, with effect from the LTIP awards to be made in 2022.
- To reflect the absence of matching awards, the maximum grant limit for performance shares has increased from 200% to 350% of basic salary. However, with the exception of awards to be made to Tom Rusin, grants to Executive Directors will normally be made at a level of 250% of basic salary. Tom Rusin will receive an additional award at a level of 100% of basic salary, with performance conditions specific to his role.
- The annual bonus limit has increased from 100% to 150% of basic salary, to also reflect the absence of matching awards. We also confirm that the payout for "on-target" performance will be 50% of the maximum potential award, consistent with general investor expectations.
- Two-thirds of any bonus will be paid in cash, with the remaining one-third invested in shares which must be held for a minimum of three years. The introduction of bonus deferral helps provide for ongoing alignment with shareholders in the absence of matching shares.
- We have clarified that annual bonuses may be based on divisional as well as Group performance. This is to ensure that a portion of bonuses for the Executive Directors with divisional responsibilities can be directly linked to the performance of their divisions.
- We have confirmed that pension provision for all Executive Directors will be aligned with the rate for the wider workforce from 1 December 2022, in line with our prior commitments and what is now standard market practice.

We have specified that the post-employment shareholding requirement applies to the lower of (1) 200% of basic salary and (2) the actual shareholding at the point of departure, consistent with standard practice and the guidance of the Investment Association.

Additional minor changes to the wording of the policy have also been made for the purpose of clarification.

Directors' remuneration report continued

Annual remuneration policy continued

The policy for the remuneration of Executive Directors is set out below.

Element	Purpose and link to business strategy	Performance Period	Operation (including performance measures and maximum limits)
Basic salary	To attract, motivate and retain individuals of the right calibre whilst reflecting their particular skills and experience and to provide a competitive base salary compared with similar roles in similar-sized companies.	n/a	Individual pay is determined by the Committee taking into account the role, responsibilities, performance and experience of the individual and market data on comparable roles. The Committee has not set a cap on the maximum salary level that may be offered. However, any salary increases will normally be no higher than the typical level of increase awarded to other employees in the relevant territory. Increases above this level may be offered in certain circumstances such as where an Executive Director has been promoted, has had a change in responsibility, to reflect increased experience in the role, or where there has been a significant change in the size and/or scope of the business. When reviewing salary increases, the Committee also considers the impact of any increase to base salaries on the total remuneration package. Salaries are usually reviewed annually, with any changes normally taking effect from 1 July.
Performance related bonus	To drive and reward the short-term operating performance of the Company and encourage the delivery of consistently good customer and other stakeholder outcomes.	Annual (determined after the year-end).	Annual performance bonuses are determined by reference to achievement against a mix of financial, non-financial and strategic/personal objectives. Before any bonus is payable a minimum threshold level of financial performance must be achieved. Bonuses are based on Group performance, Divisional performance (where appropriate) and individual performance. Individual performance accounts for no more than 20% of the overall bonus opportunity. The maximum potential quantum is 150% of base salary. No more than half of this amount is payable for on-target performance. The Committee retains the discretion to review and set the choice of bonus plan measures and respective weightings annually to ensure that they reflect the changing needs of the business, are aligned with the Group's business strategy and so that arrangements are consistent amongst the senior executive team. Performance targets are linked to the Group's strategic and operational objectives. The Committee has the discretion to modify the amount payable, to reflect wider financial and business performance or other relevant factors. Bonuses are payable in cash and one-third of any bonus paid (net of tax) must be invested in shares having a three-year holding period.

Element	Purpose and link to business strategy	Performance Period	Operation (including performance measures and maximum limits)
Long-term incentives	To drive long-term delivery of the Group's objectives, to align Directors' interests with those of the Company's shareholders and other stakeholders and to encourage exceptional performance.	Three years plus a two-year post vesting holding period.	Awards of performance shares may be granted each year under the Long-Term Incentive Plan. Shareholder approval to amend the current LTIP rules will be sought at the 2022 AGM (the current rules were approved by shareholders in 2018). The maximum limit is 350% of base salary. Awards for Executive Directors based outside the US will normally be granted at a level of 250% of base salary. Awards for Tom Rusin (and, if relevant during the remuneration policy period, any successor as head of the North American business) will normally be granted at a level of 350% of base salary, i.e. inclusive of an additional 100% award on top of the "standard" 250% of salary award. Awards of performance shares vest after three years, subject to the achievement of challenging performance conditions. Performance metrics and targets are agreed by the Committee each year prior to the grant of awards. Measures and weightings for awards to be made under the Long-Term Incentive Plan in 2022 (subject to approval of the remuneration policy and the LTIP rule amendment at the AGM) are: • for the standard award (250% of salary), EPS growth (33.33%), Relative TSR (33.33%) and ROIC (33.33%) each measured over three years; • for the additional award pertaining to Tom Rusin (100% of base salary), profit growth (50%) and ROIC (50%) for the North America division measured over three years. Targets are set using a sliding scale and no more than 25% of an award will vest for achieving the threshold performance hurdle. The value of dividends payable over the vesting period may be awarded on any shares vesting under the Plan. A two-year post vesting holding period applies to all vested shares. The Committee may use its discretion to modify the number of shares which vest, to reflect wider financial and business performance or other relevant factors.
Pension	To provide benefits comparable with similar roles in similar companies, assist attraction and retention and reward sustained contribution.	n/a	**UK-based – Defined Contribution:** Effective 1 December 2022, all UK-based Directors may receive a pension allowance in line with the majority of the workforce (currently 6% of salary). Annual contributions for new appointments since the date of approval of the 2020 remuneration policy are aligned to the majority of the workforce (currently 6% of salary). Annual contributions for Directors appointed prior to this are set at 20% of salary. This will reduce to the level received by the majority of the workforce (currently 6%) on 1 December 2022. The pension allowance can be paid, subject to the scheme limits, into the HomeServe Money Plan (a money purchase pension scheme) and/or taken as a cash allowance in lieu. **US-based – Defined Contribution:** Annual contributions of up to 4% of basic salary paid into the 401(k) plan. This is aligned with the provision for the majority of the wider workforce in the United States.

Directors' remuneration report continued

Directors' remuneration policy continued

Element	Purpose and link to business strategy	Performance Period	Operation (including performance measures and maximum limits)
Other benefits	To provide a competitive and cost-effective package of benefits to assist with recruitment and retention of individuals of the right calibre.	n/a	Other benefits may include a fully expensed car (or cash alternative), fuel allowance, private health cover (for the individual, partner and dependent children), death in service benefits (up to 8 x salary) and income protection insurance. Other benefits may be provided as appropriate, and Directors can access HomeServe products and services on the same terms as offered to employees. Any reasonable business-related expenses (including tax thereon) may be reimbursed if determined to be a taxable benefit. There is no maximum limit on the value of the benefits provided but the Committee monitors the total cost of the benefit provision.
All Employee Share Plans	To encourage employee share ownership.	n/a	The Executive Directors may participate in any employee share plans offered by the Company on the same terms as other employees.

The policy for the remuneration of Non-Executive Directors is set out below.

Chairman and Non-Executive Directors' fees	To attract and retain Non-Executive Directors of the right calibre to oversee the implementation of our business strategy.	n/a	Non-Executive Director fees are determined by the Board within the limits set by the Articles of Association. The fees for the Chairman are determined by the Remuneration Committee taking into account the views of the Chief Executive. The Chairman excludes himself from such discussions. The fee levels are reviewed periodically and are set to reflect the responsibilities and time commitment of the role and the experience of the individual. Fee levels are set by reference to rates in companies of comparable size and complexity. The fees for the Non-Executive Directors comprise a basic Board fee, with additional fees paid for chairing a Committee or for the Senior Independent Directorship. The Chairman receives an all-encompassing fee for the role. In exceptional circumstances, additional fees may be payable to reflect a substantial increase in time commitment. Fees are paid monthly in cash. Any reasonable business-related expenses (including tax thereon) may be reimbursed if determined to be a taxable benefit. The Chairman and Non-Executive Directors may be eligible to access HomeServe products and services on the same terms as offered to employees.

Performance measures

The Remuneration Committee works hard to ensure that the remuneration policy for the Executive Directors supports the business strategy, and that the level of remuneration received is reflective of the overall business performance and the returns received by shareholders. A significant proportion of the remuneration package opportunity comes from variable pay with careful consideration given to the choice of performance metrics to ensure that executives are not encouraged to take inappropriate risks.

The choice of measures may change for future award cycles, but for FY23 the Group measures will be based on the following:

Metric	Type of Award	Link to strategy
Profit Before Tax	Bonus	Core short-term profitability metric
Growth in Customers and Trades	Bonus	Core non-financial top line volume metric aligned with our growth strategy
Reduction in Customer Dissatisfaction	Bonus	Core non-financial quality metric that contributes to long-term customer retention and reflects operational improvement
ESG	Bonus	Core non-financial metrics relating to Environmental, Social and Governance strategy
Personal Strategic Objectives	Bonus	Up to three personal strategic objectives relevant to each Executive Director
Earnings per Share (EPS)	LTI	This provides an assessment of the profitability of the Group over the longer-term and is strongly aligned to the execution of the business strategy. Challenging targets are set for each award cycle based on internal and external forecasts.
Total Shareholder Return (TSR)	LTI	This measures the total return to shareholders provided through share price appreciation and dividends. TSR provides a clear alignment between the value created for shareholders and the reward earned by executives.
Return on Invested Capital (ROIC)	LTI	This measures the percentage return earned on invested capital and shows how efficiently funds are being used to generate income.

In addition to the above Group measures, the Executive Directors with specific divisional responsibilities (Tom Rusin and Ross Clemmow) will have a portion of their bonus based on divisional profit before tax growth and reduction in divisional customer dissatisfaction. The purpose of this is to ensure that a significant proportion of their annual bonus is based on the performance of the parts of the business for which they are directly responsible. In addition, the extra performance share award to be granted to Tom Rusin in line with the new remuneration policy depends on the performance of the North American division over the three-year performance period, again reflecting his responsibilities for leading this critically important part of HomeServe's business.

If required, the Committee would consult with shareholders in advance of the introduction of new measures to be applied to future award cycles.

Remuneration Committee discretion

The Committee can exercise discretion in a number of areas when operating the incentive schemes, in line with the relevant rules of the schemes. This includes in respect of the choice of participants, the size of awards in any year (subject to the limits in the policy table above), the determination of the treatment for leavers (subject to the scheme rules and the provisions of this remuneration policy) and the treatment of outstanding awards in the event of a change of control.

Malus and Clawback

The Committee has discretion to determine whether exceptional circumstances exist which justify whether any or all of bonus award (cash or shares) or vested/unvested LTIP award should be forfeited, even if already paid. Examples of exceptional circumstances include but are not limited to, material misstatement of financial results, an error in assessment of performance, the use of misleading information, misconduct on the part of the individual, corporate failure or the Company suffering reputational damage. The clawback provisions are in place for a period of three years after the date of bonus payment or vesting of LTIP awards.

Shareholding requirement – in employment

Executive Directors and Non-Executive Directors are required to build up and retain a minimum shareholding in the Company. The shareholding requirement for each Director is 300% of annual basic salary or fee. The requirement is normally expected to be met within five years of appointment.

If the holding requirement has not been fulfilled at the point of exercise of any option or the vesting of any other long-term incentive award, the Director must retain at least 50% of the net proceeds in the Company's shares until the holding requirement is achieved.

Directors’ remuneration report continued

Directors’ remuneration policy continued

Shareholding requirement – post employment

The requirement for Executive Directors to continue to hold shares after leaving ensures they continue to share a level of risk with shareholders and maintain alignment with their interests. The post-employment requirement for Executive Directors is 200% of base salary calculated at their leave date (or maintenance of their actual holding percentage if lower), expressed as a number of shares and held for a period of two years. The requirement applies to shares awarded after the implementation of the 2020 remuneration policy. The calculation excludes the value of any awards not yet vested for ‘good leavers’ that will vest according to the normal schedule (and which in any event must be held for the required holding period). The calculation includes any recently vested awards which continue to be subject to a holding period, even after employment.

How employees’ pay is taken into account

The remuneration policy for the Executive Directors is designed with regard to the policy for employees across the Group as a whole. We have differences in pay and benefits across the Group which reflect specific accountabilities and labour markets. Our ability to meet our growth expectations and compete effectively is dependent on the skills, experience and performance of all of our employees. Our employment policies, remuneration and benefit packages for employees are regularly reviewed to ensure they remain competitive in the countries in which we operate.

There are some differences in the structure of the remuneration policy for the Executive Directors and senior management team compared to other employees reflecting their differing responsibilities, with the principal difference being the increased emphasis on performance related variable pay, delivered through annual bonus and LTI opportunities for the more senior executives within the organisation. However, there are many common themes. For example, the structure of the annual bonus, with the focus on financial, non-financial and personal performance is the same for employees at management grade and above with the same business objectives being used for everyone in a particular business unit.

Employee share ownership is encouraged and facilitated through extending participation in the LTIP to other senior leaders within the business. As noted in the annual statement from the Chair of the Remuneration Committee, we are introducing restricted shares in the US in FY23 to reflect the specific competitive pressures in that market, although such an approach is not being extended to the US-based Executive Director. All eligible employees are able to participate in the HomeServe One Plan, a share incentive plan. The One Plan was reviewed during FY21 with the matching element doubled so that participants now receive one free matching share for every partnership share that they buy.

Although the Committee does not consult directly with employees on directors’ pay, the Committee does take into consideration the pay and employment conditions of all employees when setting the policy for directors’ remuneration. In terms of comparison metrics, the Committee takes into account the average level of salary increase being budgeted for the workforce in the relevant territory when reviewing the salary levels of the Executive Directors. The Committee is also mindful of any changes to the pay and benefit conditions for employees more generally when considering the policy for directors’ pay.

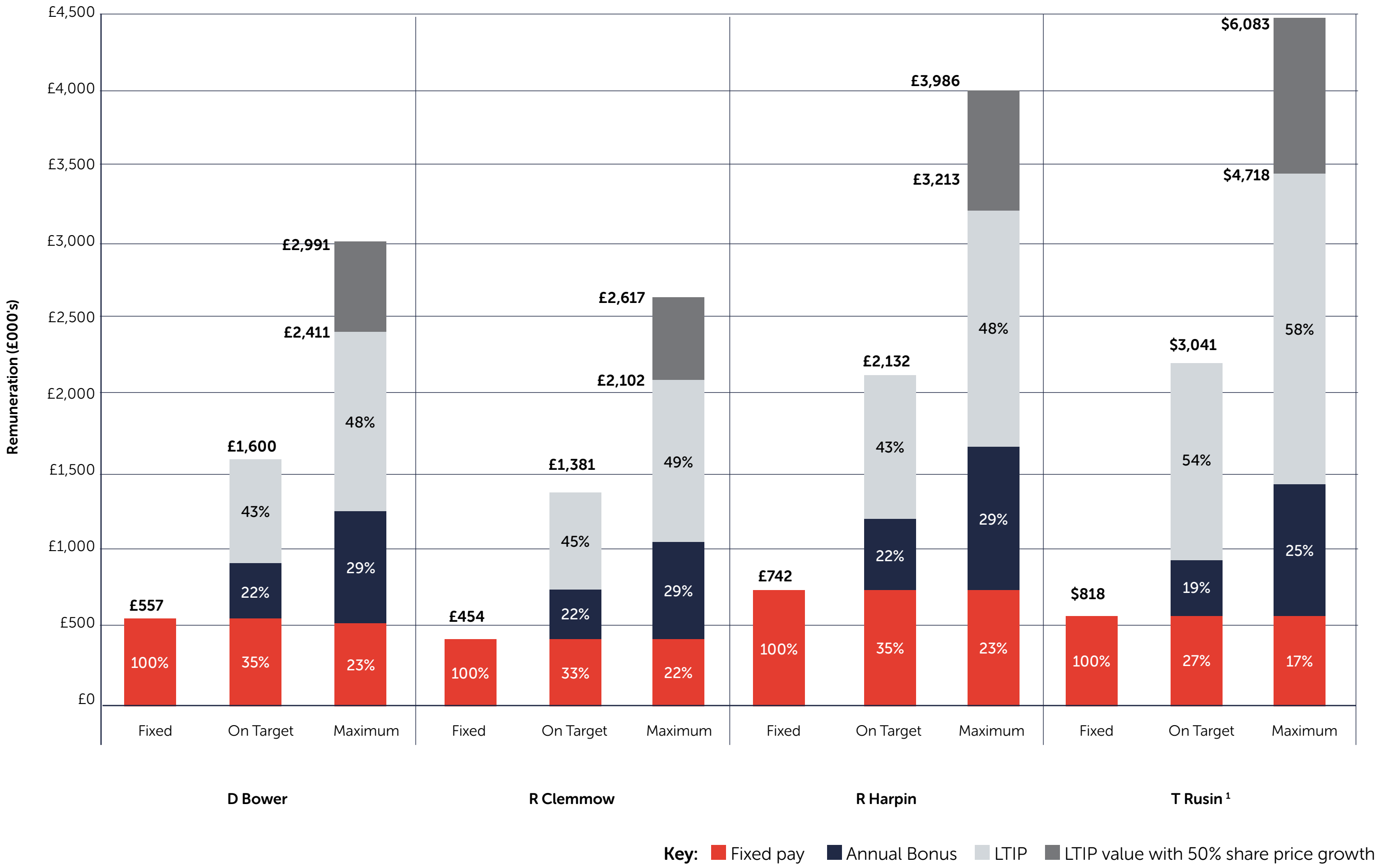
The Committee Chair has met with the International People Forum (established to facilitate workforce engagement) and there was a useful discussion about executive pay and the reasons why it can differ from workforce arrangements and in particular the requirement for Executive Directors to invest in HomeServe shares and for a high proportion of their pay to be delivered in shares through the LTIP.

How shareholders’ views are taken into account

The Committee considers shareholder feedback received regarding the Remuneration report annually and guidance from shareholder representative bodies more generally. These views are key inputs when shaping remuneration policy. The Committee consults with shareholders when considering changes to remuneration arrangements and did so in respect of the review of the new policy to be voted on at the 2022 AGM. A detailed letter was sent to major shareholders and governance advisers and all of them were offered a meeting with the Chair of the Committee.

Remuneration scenarios for Executive Directors

The chart below details the composition of each Executive Director's remuneration opportunity and how it varies at different levels of performance under the proposed policy set out above. It demonstrates the balance between fixed and variable pay at threshold, on-target and maximum performance levels.



[1] Tom Rusin is paid in USD and the USD amounts have been converted to GBP for illustrative purposes.

Assumptions

Fixed:	fixed pay only (salary plus benefits plus pension).
On target:	target annual bonus of 75% of salary (50% of maximum) plus target LTIP awards in FY23 of 150% of salary for Richard Harpin, David Bower and Ross Clemmow and 210% of salary for Tom Rusin. (60% of maximum)
Maximum:	maximum annual bonus of 150% of salary plus maximum LTIP awards in FY23 of 250% for David Bower, Ross Clemmow and Richard Harpin. The maximum LTIP award in FY23 for Tom Rusin is 350% of salary.
Maximum plus share price growth:	The maximum scenario above but illustrating the impact of a 50% increase in the share price on the LTIP awards.

Salary levels (on which other elements of the packages are calculated) are based on salaries as at 1 July 2022.

The value of taxable benefits is based on the actual values paid in FY22.

Richard Harpin and David Bower receive a pension allowance of 20% of basic salary. This reduces to 6% on 1 December 2022.

The Executive Directors may participate in all-employee share schemes on the same basis as other employees. The value that may be received under these schemes is subject to tax approved limits. For simplicity, the value that may be received from participating in these schemes has been excluded from the above charts.

Directors' remuneration report continued

Directors' remuneration policy continued

Executive Directors' service agreements

Under the Executive Directors' service contracts up to twelve months' notice of termination of employment is required by either party (reduced to six months if following a prolonged period of incapacity).

Dates of current contracts are summarised in the table below:

Name	Date of contract
D Bower	3 February 2017
R Clemmow	4 March 2021
R Harpin	18 January 2002
T Rusin	4 April 2018

Policy on payment for loss of office

Should notice be served, the Executive Directors can continue to receive basic salary, benefits and pension for the duration of their notice period. The Company may require the individual to continue to fulfil their current duties or may assign a period of garden leave. The Company applies a general principle of mitigation in relation to termination payments and supports the use of phased payments. From the date of the announcement of an Executive Director's termination, any payment would be capped at 12 months' pay (that is, notice must be served concurrent with the announced departure).

Outplacement services may be provided where appropriate, and any statutory entitlements or sums to settle or compromise claims in connection with a termination (including, at the discretion of the Committee, reimbursement for legal advice) would be paid as necessary.

The service contracts also enable the Company to elect to make a payment in lieu of notice equivalent in value to up to twelve months' base salary, benefits and pension, again normally phased over the unexpired original period of notice.

In the event of cessation of employment, the executives may still be eligible for a discretionary performance related payment for the period worked if the Committee deems the individual to be a 'good leaver'. Different performance measures may be set to reflect changes in the director's responsibilities until the point of departure.

The rules of the LTIP set out what happens to outstanding share awards if a participant leaves employment before the end of the vesting period. Generally, any outstanding share awards will lapse when an Executive leaves employment, except in specific circumstances where 'good leaver' provisions apply at the Committee's discretion. Such circumstances include death, ill-health, injury, disability, retirement, transfer of employment or any other reason at the discretion of the Committee.

For a 'good leaver', any outstanding unvested LTIP awards will vest on the normal vesting date subject to an assessment of performance, with a pro-rata reduction to reflect the proportion of the vesting period served. The Committee may dis-apply the time pro-rating requirement if it considers it appropriate to do so. In the case of cessation due to death, the Committee can determine that the awards vest early. Outstanding vested but not exercised awards can be exercised by a 'good leaver' until the expiry of the normal exercise period (or within 12 months in the case of death). Other than in respect of death, the post-vesting holding period will continue to apply in 'good leaver' circumstances.

In determining whether an Executive Director should be treated as a 'good leaver' and the extent to which their award may vest, the Committee will consider the circumstances of an individual's departure.

The treatment of share awards on a change of control is the same as that set out above in relation to a 'good leaver' (albeit with the vesting period automatically ending on the date of the change in control and no holding period).

Policy on recruitment remuneration

Base salary levels will be set in accordance with the approved remuneration policy applicable at the time of appointment, taking account of the individual's skills, experience and their current remuneration package. Where it is appropriate to offer a lower salary initially, a series of increases (in excess of the average for the wider workforce) to the desired salary positioning may be given over subsequent years subject to individual and Company performance. Benefits will generally be provided in accordance with the approved policy, with relocation expenses and/or an expatriate allowance paid for if necessary. For a non-UK based Executive Director appointment (which may include the relocation of an existing UK-based Director), the benefit and pension arrangements may be tailored to reflect local market practice (subject to the overall maximum limits on pension set out in the policy table).

The structure of the variable incentive pay element will be in accordance with the approved remuneration policy applicable at the time of appointment. This means the maximum annual bonus award in any year would be 150% of salary, with one-third of any bonus payment required to be invested in shares. The maximum LTIP performance shares award would be 250% of salary for non US-based Executive Directors and 350% of salary for a US-based Executive Director. LTIP awards may be made shortly following an appointment (assuming the Company is not in a closed period). Benefits consistent with those available to other Executive Directors under the approved remuneration policy applicable at the time will be offered, taking account of local market practice. The Committee may also agree for the Company to meet the costs associated with the recruitment, such as for example legal fees, and certain relocation expenses or provide tax equalisation as appropriate.

Performance share awards would be granted on a consistent basis to the other Executive Directors. In the case of the annual performance bonus, different performance measures may be set for the first year, taking into account the responsibilities of the individual and the point in the financial year at which they join.

If it is necessary to buy-out incentive pay (which would be forfeited on leaving the previous employer) in order to secure the appointment, this would be provided for taking into account the form (cash or shares), timing and expected value (i.e. likelihood of meeting any existing performance criteria) of the remuneration being forfeited. The LTIP permits the grant of restricted share awards to Executive Directors in the case of recruitment to facilitate this, although awards may also be granted outside of this scheme if necessary, and as permitted under s.9.4.2.2 of the Listing Rules.

In the case of an internal promotion, any outstanding variable incentive pay awarded in relation to the previous role will be allowed to pay out according to the original terms.

The service contract for a new appointment would be in accordance with the policy for the current Executive Directors.

Fees for a new Chairman or Non-Executive Director would be set in line with the approved policy applicable at the time of appointment.

Non-Executive Directors' letters of appointment

Non-Executive Directors serve under letters of appointment for periods of three years. Fees are set in line with the approved policy applicable at the time of appointment. No compensation is payable to the Chairman or Non-Executive Directors if they are not re-elected at the AGM. Non-Executive Directors (including the Chairman) otherwise have a notice period of three months, but no liquidated damages are payable.

Details of Non-Executive Directors' current three-year appointments are as follows:

Name	Date of contract
T Breen	27 January 2021
K Cliffe	23 May 2020
S David	23 November 2019
R Donnelly	25 March 2021
E Fitzmaurice	23 May 2020
O Grémillon	29 March 2022
R McMillan	27 October 2020

External Appointments

Executive Directors, with the approval of the Board, may hold one external appointment as a Non-Executive Director of another company and can retain any fees received.

Directors' remuneration report continued

Annual report on remuneration

This part of the report has been prepared in accordance with Part 3 of the revised Schedule 8 set out in The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, subsequent relevant reporting regulations and 9.8.6R of the Listing Rules. The annual report on remuneration is put to an annual advisory shareholder vote each year and this report will be subject to a vote at the 2022 Annual General Meeting.

Remuneration Committee Members

Katrina Cliffe (Chair)
Tommy Breen
Edward Fitzmaurice
Olivier Grémillon
Ron McMillan
JM Barry Gibson (stepped down on 18 May 2021)

All of the current members are independent Non-Executive Directors, and the Chairman of the Committee has experience of other remuneration committees. The Board determined that the Company Chairman, Tommy Breen should be a member of the Committee as he was independent on appointment. He takes no part in discussions relating to his own remuneration.

Responsibilities

The principal role of the Remuneration Committee is to set the framework and policy for remuneration of the Board of Directors, both Executives and Non-Executives, and the Executive Committee. In determining these arrangements, the Committee takes account of the employment conditions and remuneration arrangements across the Group, seeking to ensure they align with common objectives and are based on the same principles. Insofar as possible, we ensure they also follow similar structures, since this is the most reliable way of ensuring transparency. We aim to offer a remuneration package that is sufficiently attractive to attract and appropriately reward the leadership team required to successfully run a complex international Group.

The primary responsibilities of the Committee include:

- Determining the Group's overall remuneration strategy
- Determining the remuneration packages of the Executive Directors and other members of the Executive Committee
- Selecting the measures and setting the performance criteria for the annual bonus and LTIP; and, at the end of the performance periods, evaluating performance against these criteria and considering if discretion should be applied in determining the final level of payment
- Approving the grant and exercise of executive share-based long-term incentive arrangements and overseeing the operation of other share-based plans across the Group
- Agreeing the terms and conditions of service agreements with Executive Directors, including termination payments
- Reviewing workforce remuneration and related policies; in this regard, the Committee reviews internal relativities and pay ratios, and receives inputs to its meetings to provide a full picture of pay and conditions across the Group
- Considering the guidance issued by shareholders, their representative bodies and proxy agencies (including the Investment Association and Institutional Shareholder Services) on matters related to executive compensation and corporate governance; further, the Committee encourages an open dialogue with shareholders, soliciting feedback and seeking their views ahead of enacting significant changes to the remuneration policy or its implementation.

The Committee's terms of reference are available on our website: **www.homeserveplc.com/who-we-are/governance/committees**

The Committee has agreed and implemented a procedure for reviewing and assessing its own effectiveness as part of the annual effectiveness review of the Board.

UK Corporate Governance Code

As indicated in the compliance statement on page 63, the Board believes that HomeServe has applied the principles of the UK Corporate Governance Code ('the Code') and complied with the relevant provisions of the Code during FY22, with a couple of minor exceptions. The Committee will align the pension contribution rate for the CEO and the CFO to that of the wider workforce on 1 December 2022 and so will be compliant with Provision 38 of the Code from that time.

The Committee has considered the principles set out in Provision 40 of the Code and explains below how these have been addressed:

- **Clarity:** The proposed Directors' remuneration policy (subject to shareholder approval at the 2022 AGM) is set out on pages 97 to 105. Committee decisions around the implementation of the policy are set out in each year's Directors' remuneration report. When consulting with major shareholders on executive remuneration, or engaging with the workforce on such matters, the Committee aims for full transparency surrounding its proposals and the rationale for making any changes. As an example, this approach was taken during the consultation exercise with major shareholders conducted during the year under review ahead of the renewal of the remuneration policy.

- **Simplicity:** The Committee is keen to ensure that the remuneration structures in place for Executive Directors (and for other senior leaders within the business) are not overly complex and can be easily understood both internally and externally. We are simplifying our long-term incentives by ceasing to make matching awards of shares under the LTIP and so Executive Directors will only receive awards of performance shares.

- **Risk:** The Committee is satisfied that the Directors' remuneration policy is proportionate and does not lead to excessive risks, either in terms of the behaviour it promotes or the potential for the generation of outsize rewards which are not tied to performance. The policy has a strong performance focus, with the Committee seeking to ensure that incentive targets are challenging but realistic and do not encourage undue risk-taking. The Committee regularly considers formal risk reviews of the remuneration policy.

- **Predictability:** A range of possible values of rewards to individual Executive Directors under the proposed Directors' remuneration policy is included on page 103. While the final value of Directors' remuneration will depend upon a variety of factors, including the extent to which performance targets are met and HomeServe's share price, these "scenario charts" provide indicative values of reward for different performance outcomes.

- **Proportionality:** Incentives for Directors are based on the achievement of pre-set performance targets linked to HomeServe's strategic priorities and business plan, with both a financial and non-financial focus. Bonus payouts and the vesting of long-term incentive awards depend on genuinely challenging targets being met, with no possibility of rewards for poor performance.

- **Alignment to culture:** HomeServe is an organisation focused on driving long-term shareholder value, and this is recognised at Executive Director level by a remuneration policy which is heavily weighted towards performance and payment in equity. Until FY22 (inclusive) Executive Directors have been encouraged to invest their cash bonuses into shares and gain the potential benefit of Matching Shares, subject to three-year performance targets being met. For FY23 (onwards) we are introducing a mandatory share-based element to the pay-out of bonuses whereby one-third of any net bonus must be invested in shares which are held for a minimum of three years, thus ensuring ongoing alignment with shareholder interests. Further, the business prides itself on a culture of excellent customer service, which is reflected in the use of relevant performance metrics in the annual bonus scheme.

Directors' remuneration report continued

Annual report on remuneration continued

Activities

The Committee met four times during the year. Details of meeting attendance are set out on page 72. The timing of meetings is arranged around the annual remuneration cycle. The main areas of discussion are summarised below:

Items discussed	May 2021	November 2021	January 2022	March 2022
Policy				
Review of the remuneration policy and shareholder consultation		●		
Feedback from the shareholder consultation			●	
Long-term incentives				
Outturn for awards vesting in June 2021	●			
Grant of awards including performance conditions	●	●		
Bonus scheme				
Performance conditions for the FY22 scheme	●			
Potential outturn for FY22 scheme				●
Structure and performance conditions for FY23 scheme			●	●
Salaries				
Salary increases for July 2021	●			
Benchmarking for the CEO, North America		●		
Broader workforce remuneration				
Annual average salary increases	●			
US LTIP approach for employees more broadly			●	●
Approach to subsidiary share plans			●	●

Advisers

The Committee selects its own advisers and received independent advice during FY22 from Korn Ferry. Korn Ferry was selected to provide independent advice from November 2020 following a competitive tendering process. Korn Ferry is a member of the Remuneration Consultants Group and is a signatory to its Code of Conduct. During the year, diversity and inclusion advice was also provided to the Group by a separate team within Korn Ferry. The Committee does not consider that this prejudices Korn Ferry's position as the Committee's independent advisers.

Fees charged by Korn Ferry for advice provided to the Committee for the year ended 31 March 2022 amounted to £108,972 (excluding VAT) on the basis of time charged to perform services and deliverables.

The Committee has also received assistance from Richard Harpin, Group Chief Executive, David Bower, Chief Financial Officer, and Anna Maughan, Company Secretary, all of whom attended meetings of the Committee as required. No Executive Director took part in discussions in respect of matters relating directly to their own remuneration.

Single Total Figure of Remuneration (Audited)

	Year	Salary and fees £000	Taxable benefits [6] £000	Pension [7] £000	Bonus £000	LTIP [8 9] £000	Other [10] £000	Total Fixed £000	Total Variable £000	**Total £000**
Executives										
D Bower	FY22	431	17	86	323	170	2	534	495	**1,029**
	FY21	375	17	75	299	191	1	467	491	958
R Clemmow [2]	FY22	400	17	25	300	–	–	442	300	**742**
	FY21	12	–	–	–	–	–	12	–	12
R Harpin	FY22	597	22	119	448	280	2	738	730	**1,468**
	FY21	588	23	118	469	343	1	729	813	1,542
T Rusin [1]	FY22	512	18	9	338	246	2	539	586	**1,125**
	FY21	508	16	8	405	297	1	532	703	1,235
Non-Executives										
T Breen [3]	FY22	350	–	–	–	–	–	350	–	**350**
	FY21	62	–	–	–	–	–	62	–	62
K Cliffe	FY22	89	–	–	–	–	–	89	–	**89**
	FY21	77	–	–	–	–	–	77	–	77
S David	FY22	77	–	–	–	–	–	77	–	**77**
	FY21	68	–	–	–	–	–	68	–	68
R Donnelly [4]	FY22	65	–	–	–	–	–	65	–	**65**
	FY21	1	–	–	–	–	–	1	–	1
E Fitzmaurice	FY22	65	–	–	–	–	–	65	–	**65**
	FY21	57	–	–	–	–	–	57	–	57
O Grémillon	FY22	65	–	–	–	–	–	65	–	**65**
	FY21	57	–	–	–	–	–	57	–	57
J M B Gibson [5]	FY22	39	–	–	–	–	–	39	–	**39**
	FY21	300	–	–	–	–	–	300	–	300
R McMillan	FY22	77	–	–	–	–	–	77	–	**77**
	FY21	68	–	–	–	–	–	68	–	68
Total FY22		**2,767**	**74**	**239**	**1,409**	**696**	**6**	**3,080**	**2,111**	**5,191**
Total FY21		2,173	56	201	1,173	831	3	2,430	2,007	4,437

1 Tom Rusin is paid in USD and the USD amounts have been converted into GBP for the purposes of this table using the average exchange rate for FY22 of 1 GBP:1.36705 USD.
2 Ross Clemmow joined the Board on 22 March 2021.
3 Tommy Breen joined the Board on 27 January 2021.
4 Roisin Donnelly joined the Board on 25 March 2021.
5 JM Barry Gibson stepped down from the Board on 18 May 2021.
6 Benefits for UK-based Executive Directors comprise company car, fuel allowance and private health cover. Benefits for Tom Rusin comprise private health cover only.
7 Details of pension contributions can be found later in the report.
8 LTIP figures for FY21 have been updated to reflect the actual share price on vesting for the 2018 award. The figures for FY22 are based on the average share price over the last three months of the financial year of £7.47 as the awards have not yet vested. The value shown for each LTIP award includes an estimated amount in respect of dividend equivalents.
9 Impact of share price change: The 2019 LTIP awards were granted on 26 June 2019 with a share price of £11.85. The impact of share price change for the 2019 LTIP awards, comparing share prices at grant versus the average share price for the period 1 January to 31 March 2022 of £7.47, for each Executive Director is a decrease of £4.38 (37%) per share. This results in an estimated decrease in value (including dividend equivalents) of: £99,487 for David Bower; £164,456 for Richard Harpin and £144,238 for Tom Rusin.
10 'Other' relates to SIP matching shares awarded during the year.

Directors' remuneration report continued

Annual report on remuneration continued

Details of variable pay earned in the year (Audited)

Annual Bonus

For FY22 the annual bonus was based on the following stretching targets:

Financial and non-financial bonus targets

		Weighting	% Payable at Threshold	Threshold	Maximum	Actual	% Payable
Financial measures	Adjusted Group profit before tax	40%	10%	£215.0m	£220.0m	£220.3m	40%
Non-financial measures	Customer growth	15%	3%	8,614k	8,819k	8,373k	0%
	Trades growth (Checkatrade)	5%	2%	50.0k	59.4k	46.9k	0%
	Trades growth (Habitissimo)	5%	2%	11.8k	13.1k	10.8k	0%
	Customer dissatisfaction [1]	3.7%	0.73%	5.0%	4.5%	4.5%	3.7%
	Customer 5 star rating [1]	11.3%	2.27%	4.64	4.68	4.74	11.3%

[1] Customer dissatisfaction is measured as a weighted average across our UK and Spanish Membership businesses and the 5 star rating is measured as a weighted average across our North American, French and Spanish Membership businesses. The 5 star rating element was introduced to the bonus scheme during the year under review as it was considered to represent a more rounded assessment of customer satisfaction in selected key markets.

Personal bonus targets

	Personal strategic objectives	Weighting	Outcome	% Payable
D Bower	• Review the operation of the Group from an organisational perspective and implement efficiencies and improvements to support the execution of business plans • Simplify the various reward structures within the Group, recognising David's role leading the HR function.	20%	Key achievements included • Corporate structure reviewed and changes implemented to ensure that the legal structure reflects the organisational structure. • Changes agreed to the governance framework to ensure timely and effective oversight of key priorities, improving efficiency while maintaining appropriate controls. • Group reward structures simplified and amended, with US long-term incentive approach updated to include restricted shares to ensure that the scheme remains relevant to the local environment. LTIP to be used as the key plan for all businesses, with a reduction in the number of bespoke incentive schemes in operation.	20%
R Clemmow	• Establish a new plan to return the UK Membership business to deliver profit growth in FY23. • Set out and prove out the winning operating and marketing model for HVAC which enables us to budget for 7.5% marketing spend per local HVAC business in FY23. • Grow new international opportunities.	20%	Key achievements included • UK Membership stabilised customers at 1.5m and grew profit to £72.9m in FY22. • Good progress on HVAC marketing and operating model, setting strong foundations for FY23. • First HVAC business acquired in Germany and discussions progressing in respect of other targets. Japanese joint venture now has 4 group affinity partnerships, with affinity households now at 14.1m (ahead of target).	20%
R Harpin	• Implement Directory Extra technology stack alongside proven organisational model. • Assist Tom Rusin to accelerate growth in US and in particular, to prove a new model to sign utility partners quicker.	20%	Key achievements included • Very good progress on Directory Extra model in Checkatrade, with additional launches in Habitissimo and in Maison in France. • New way to introduce the US Membership business to prospective partners pioneered and rolled out, with promising initial results	20%

	Up to three personal strategic objectives	Weighting	Outcome	% Payable
T Rusin	Achieve the following metrics in respect of North American Membership: • PBT between $154.1m and $172.0m • Customers between 5,022.5k and 5,227.5k • New households between 6m and 10m.	20%	Key achievements included • North American adjusted operating profit of $159.1m versus a budget of $163.0m, so in the performance range • Household signings of 7.2m • Customer numbers unfortunately slightly below the bottom end of the performance range.	11%

HomeServe had another successful year, financially and strategically. In line with our expectations, we delivered an acceleration in our financial performance, with our key profit measure, adjusted profit before tax (PBTA) up 15% at £220.3m. We did not achieve our stretching targets in respect of overall customer growth in our Membership businesses and trades growth in Home Experts, but it is clear from the customer dissatisfaction and 5 star scores that our customers continue to be very happy with the service we provide. As a result, 55% out of a maximum of 80% is payable in respect of Group performance.

Taking this into account and following an assessment of the personal performance of each Executive Director as set out above, payments of between 66% and 75% of the maximum will be made.

The overall FY22 bonus opportunity and actual pay-outs achieved by each Executive Director as set out above, is set out below:

	Maximum Opportunity		Actual pay-out	
Name	£	% of salary	£	% of salary
D Bower	£431,250	100%	£323,438	75%
R Clemmow	£400,000	100%	£300,000	75%
R Harpin	£596,884	100%	£447,663	75%
T Rusin	£512,445	100%	£338,214	66%

Annual bonuses are paid in cash. Under the proposed remuneration policy, Executive Directors will have to invest one third of any net bonus in shares. These shares will be subject to a three-year holding period.

Long-term Incentive Plan

The 2019 LTIP performance and matching awards were granted on 26 June 2019.

The performance conditions for the performance and matching awards were as follows:

Condition	Percentage of award to which the condition applies	Performance period	Threshold target	Stretch target	Actual performance	Vesting
TSR (underpinned by underlying financial performance)	25%	3 years to 31 March 2022	TSR equal to the FTSE 250 index	TSR exceeds the index by an average of 15% p.a.	-16.1%	0%
EPS	75%	3 years to 31 March 2022	Compound annual growth of 9%	Compound annual growth of 15%	9.54%	31.9%

Based on the level of performance as set out in the table above, the overall level of vesting is expected to be 23.93%. A two-year post-vesting holding requirement applies to the awards.

The 2019 awards have been valued for the purpose of the remuneration table on page 109 using the average share price over the last three months of the financial year (£7.47 per share).

Directors' remuneration report continued

Annual report on remuneration continued

Summary of outstanding awards (Audited)

LTIP

Details of the maximum number of shares receivable from awards made under the LTIP are as follows:

	31 March 2022	Awarded during year	Lapsed during year	Vested during year	31 March 2021	Date granted	Type of award
D Bower	**—**	—	36,845	9,402	46,247	24.7.18	Performance
	—	—	35,945	9,172	45,117	24.7.18	Matching
	47,468	—	—	—	47,468	26.6.19	Performance
	40,789	—	—	—	40,789	26.6.19	Matching
	42,485	—	—	—	42,485	15.7.20	Performance
	41,985	—	—	—	41,985	15.7.20	Matching
	86,789	86,789	—	—	—	23.6.21	Performance
	57,570	57,570	—	—	—	23.6.21	Matching
R Clemmow	**77,146**	77,146	—	—	—	23.6.21	Performance
	72,324	72,324	—	—	—	23.6.21	Buy Out
R Harpin	**—**	—	69,419	17,714	87,133	24.7.18	Performance
	—	—	67,474	17,217	84,691	24.7.18	Matching
	74,438	—	—	—	74,438	26.6.19	Performance
	71,453	—	—	—	71,453	26.6.19	Matching
	66,623	—	—	—	66,623	15.7.20	Performance
	65,842	—	—	—	65,842	15.7.20	Matching
	115,684	115,684	—	—	—	23.6.21	Performance
	90,279	90,279	—	—	—	23.6.21	Matching
T Rusin	**—**	—	59,513	15,186	74,699	24.7.18	Performance
	—	—	53,532	13,660	67,192	24.7.18	Matching
	65,926	—	—	—	65,926	26.6.19	Performance
	62,030	—	—	—	62,030	26.6.19	Matching
	59,666	—	—	—	59,666	15.7.20	Performance
	59,475	—	—	—	59,475	15.7.20	Matching
	94,496	94,496	—	—	—	23.6.21	Performance
	72,075	72,075	—	—	—	23.6.21	Matching

Further details on LTIP awards granted during the financial year

On 23 June 2021, the following performance and matching share awards were granted to the Executive Directors under the LTIP:

Performance share awards

	Date of grant	Number of shares	Share price used to determine awards	Award size (% salary)	Face value at grant £	% that vests at threshold
D Bower	23.6.21	86,789	£10.37	200%	£900,002	18.75%
R Clemmow	23.6.21	77,146	£10.37	200%	£800,004	18.75%
R Harpin	23.6.21	115,684	£10.37	200%	£1,199,643	18.75%
T Rusin	23.6.21	94,496	£10.37	200%	£979,924	18.75%

No consideration was payable for the grant of the Awards. Performance Awards will vest in three years' time subject to continued employment and the achievement of stretching performance criteria relating to EPS. The extent to which Performance Awards vest at the end of the Performance Period will be determined as follows:

Compound Annual Growth in EPS over the Performance Period	Percentage of Award that Vests
Less than 7%	0%
7%	18.75%
Between 7% and 13%	On a straight-line basis between 18.75% and 75%
13%	75%
Over 13% and up to 16%	On a straight-line basis between 75% and 100%

The Performance Period is the period of three financial years ending on 31 March 2024. Vesting is also subject to underlying financial performance and a two year post vesting holding period applies.

Matching share awards

	Date of grant	Number of investment shares purchased	Award size	Number of shares subject to matching award	Share price used to determine awards	Face value £	% that vests at threshold
D Bower	23.6.21	15,256	2:1 match	57,570	£9.687	£557,681	25%
R Harpin	23.6.21	23,924	2:1 match	90,279	£9.687	£874,533	25%
T Rusin	23.6.21	19,100	2:1 match	72,075	£9.687	£698,191	25%

No consideration was paid for the grant of Matching Awards (other than the acquisition of linked Investment Shares). Subject to the retention of the Investment Shares, continued employment and the achievement of stretching comparative TSR related performance criteria, the Matching Awards will vest after three years.

The Company's TSR over the Performance Period must match or exceed the TSR of the Peer Group over the Performance Period. The Peer Group is those companies at positions 31 to 200 in the FTSE Index at the start of the Performance Period. The extent to which Matching Awards vest at the end of the Performance Period will be determined as follows:

The Company's TSR over the Performance Period	Percentage of Shares that Vests
Below the TSR of the median company in the Peer Group	0%
Equal to the TSR of the median company in the Peer Group	25%
Equal to or more than the TSR of the company at the 75th percentile of the Peer Group	100%
Between median and upper quartile TSR	Pro-rata on a straight-line basis between 25% and 100%

The Performance Period is the period of three Financial Years ending on 31 March 2024.

Directors' remuneration report continued

Annual report on remuneration continued

Individual Award under Listing Rule 9.4.2 (2)
As explained last year, a one-off award was made to buy out Ross Clemmow's participation in a carried interest fund operated by his previous employer which was forfeited on leaving. After taking external advice, the Committee agreed to buy out Ross Clemmow's interest in this fund at a level of 50% of the minimum projected value of the fund, which was considered to be a fair estimate of what he was effectively forfeiting on his departure. The value of the buyout was determined at £750,000 and the number of shares awarded was 72,324 (based on the closing mid-market price of the Company's shares on 17 May 2021 of £10.37). The date of grant was 23 June 2021. The award is not pensionable.

The share award is fully performance-related and the extent to which the shares vest at the end of the Performance Period will be determined as follows:

Compound Annual Growth in EPS over the Performance Period	Percentage of Shares that Vests
Less than 7%	0%
7%	25%
Between 7% and 13%	On a straight-line basis between 25% and 100%
13% or more	100%

The Performance Period is the period of three Financial Years ending on 31 March 2024. Any shares which vest are subject to a two-year post-vesting holding period (excluding any shares which are required to be sold to pay tax on vesting).

Further details on awards vested during the financial year - Audited

Performance and matching awards granted on 24 July 2018 vested at 20.33% during the year.

	Date of grant	Type of Award	Date of exercise	No of Shares	Share price at exercise	Face value at exercise	Dividend equivalents paid in cash
D Bower	24.7.18	Performance	26.7.21	9,402	£9.575	£90,024	£6,675
	24.7.18	Matching	26.7.21	9,172	£9.575	£87,822	£6,512
R Harpin	24.7.18	Performance	29.11.21	17,714	£9.110	£161,375	£12,577
	24.7.18	Matching	29.11.21	17,217	£9.110	£156,847	£12,224
T Rusin	24.7.18	Performance	26.7.21	15,186	£9.575	£145,409	£10,782
	24.7.18	Matching	26.7.21	13,660	£9.575	£130,796	£9,699

One Plan Matching Shares (Share Incentive Plan)

All employees are eligible to participate in One Plan. Participants receive one Matching Share for every Partnership Share they purchase. Shares are purchased monthly. Matching Shares are normally kept in trust for a minimum period of three years.

	31 March 2022	Sold during the year to pay tax on vesting	Acquired during year	31 March 2021	Aggregate face value of shares awarded during the year [1]
D Bower	**671**	–	206	465	£1,798
R Clemmow	**62**	–	62	–	£449
R Harpin	**671**	–	206	465	£1,798
T Rusin	**598**	38	215	421	£1,869

[1] Based on the acquisition price of the associated Partnership Shares. The highest share price was £11.42 and the lowest share price was £6.65. Ross Clemmow joined the Plan in January 2022.

Payments for loss of office and payments to past Directors - Audited

No payments were made during the year for loss of office or to past Directors.

Shareholding Guidelines - Audited

It is the Board's policy that Executive Directors and Non-Executive Directors build up and retain a minimum shareholding in the Company. Each Director is encouraged to hold shares of at least equal value to 300% of their annual basic salary or fee. Under the Long-Term Incentive Plan, the net of tax value of shares that vest must be retained for a period of two years.

The beneficial interests of Directors who served at the end of the financial year, together with those of their families, in the shares of the Company are set out below, as at 31 March 2022. Further SIP Partnership shares have since been purchased in each of April and May 2022 on behalf of the Executive Directors together with the allocation of a corresponding number of matching shares. Beneficial interests have therefore increased further by 62 shares for each of D Bower and R Harpin, 60 shares for R Clemmow, 68 shares for T Rusin.

	31 March 2021	**31 March 2022**	Value of Shares held as a multiple of current salary/fee[1]	Guideline met?	**Outstanding LTIP awards (2019,2020 & 2021)[2]**
D Bower	167,338	**192,896**	361%	Yes	**317,086**
R Clemmow	–	**124**	0.26%	No	**149,470**
R Harpin	40,790,004	**24,825,697**	34,890%	Yes	**484,319**
T Rusin	841,725	**873,794**	1,291%	Yes	**413,668**
T Breen	–	**100,000**	241%	No	**–**
K Cliffe	20,976	**20,976**	199%	No	**–**
S David	100,020	**100,020**	1,095%	Yes	**–**
R Donnelly	–	**5,000**	65%	No	**–**
E Fitzmaurice	786,265	**786,265**	10,197%	Yes	**–**
O Grémillon	15,600	**18,600**	241%	No	**–**
R McMillan	17,999	**17,999**	197%	No	**–**

[1] Calculated using the shareholding and share price on 31 March 2022 of £8.43 divided by the Executive's salary or Non Executive's fee on that date.
[2] Outstanding LTIP awards include both Performance and Matching share awards made in 2019, 2020 and 2021 and are subject to meeting performance conditions at vesting in 2022, 2023 and 2024 respectively.

Directors' pensions (Audited)

The following contributions were made:

	2022 £000	2021 £000
D Bower	**86**	75
R Clemmow	**25**	–
R Harpin	**119**	118

Tom Rusin participates in a US 401k pension plan (a defined contribution scheme) to which the Company contributed £9,219 ($12,603) in FY22. (FY21: £8,639).

Directors' remuneration report continued

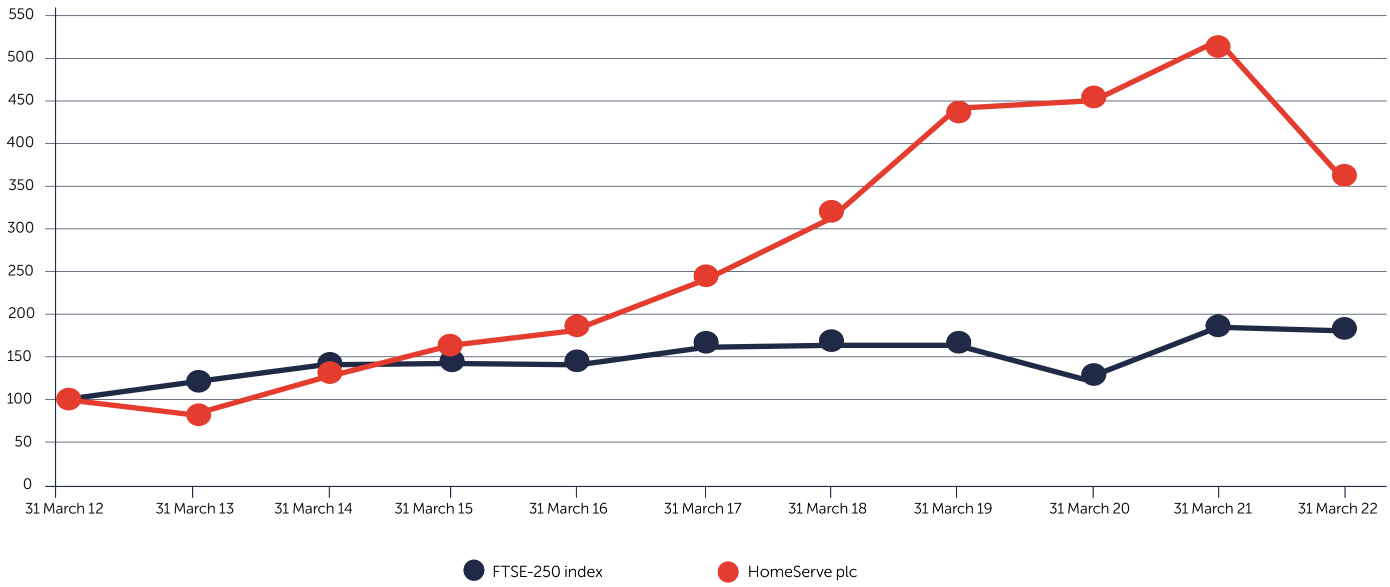
Annual report on remuneration continued

Performance graph

The graph below shows the Company's performance, measured by TSR, compared with the performance of the FTSE-250 Index (also measured by TSR) for the ten years ended 31 March 2022. This comparator has been chosen as it is a broad equity index of which the Company is currently a constituent.

Total Shareholder Return

Source: Refinitiv Eikon Datastream



The graph shows the value, by 31 March 2022, of £100 invested in HomeServe plc on 31 March 2012 compared with that of £100 invested in the FTSE-250 Index on the same date.

Chief Executive's remuneration

The total remuneration figures for the Chief Executive during each of the last ten years are shown in the table below. The figures include the annual bonus based on that year's performance and the matching awards plus the LTIP awards based on the three-year performance period ending in the relevant year. The annual bonus and long-term incentive award vesting level as a percentage of the maximum opportunity are also disclosed below:

	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	**FY22**
Total remuneration (£000s)	953	1,212	1,200	3,355	4,256	8,563 [1]	4,749	4,237	1,542 [2]	**1,468**
Annual Bonus	75%	100%	96%	98%	100%	96%	75%	92%	79.7%	**75%**
LTIP awards vesting	0%	0%	0%	100%	100%	100%	100%	100%	20.33%	**23.93%**

Notes:

[1] The total includes the 2014 and 2015 LTIP awards which were granted and vested a year apart.

[2] FY21 remuneration has been restated to reflect actual share price on vesting of the 2018 LTIP award.

Percentage change in remuneration levels

The table below shows the year-on-year percentage change in each Director's remuneration (excluding the value of any pension, matching awards and performance awards receivable in the year) compared to the average for all employees of HomeServe plc.

	% Change from FY21 to FY22			% Change from FY20 to FY21		
	Salary	Benefits	Annual Bonus	Salary	Benefits	Annual Bonus
D Bower	**15%**	**2%**	**8%**	0%	(6%)	(16%)
R Clemmow [1]	**n/a**	**n/a**	**n/a**	n/a	n/a	n/a
R Harpin	**2%**	**(2%)**	**(4%)**	1%	(19%)	(13%)
T Rusin	**6%**	**19%**	**(13%)**	1%	(6%)	(10%)
T Breen [2]	**n/a**	**n/a**	**n/a**	n/a	n/a	n/a
K Cliffe	**16%**	**n/a**	**n/a**	13%	n/a	n/a
S David	**13%**	**n/a**	**n/a**	(3%)	n/a	n/a
R Donnelly [3]	**n/a**	**n/a**	**n/a**	n/a	n/a	n/a
E Fitzmaurice	**13%**	**n/a**	**n/a**	5%	n/a	n/a
O Grémillon	**13%**	**n/a**	**n/a**	5%	n/a	n/a
R McMillan	**13%**	**n/a**	**n/a**	5%	n/a	n/a
Average of other HomeServe plc employees	**5%**	**21%**	**(39%)**	5%	2%	34%

[1] Ross Clemmow joined the Board on 22 March 2021
[2] Tommy Breen joined the Board on 27 January 2021
[3] Roisin Donnelly joined the Board on 25 March 2021

CEO pay ratio

The table below compares the Chief Executive's total remuneration against that for the lower quartile, median and upper quartile UK employees (calculated on a full-time equivalent basis).

Year	Method	25th Percentile pay ratio	Median pay ratio	75th percentile pay ratio
FY22	**Option B**	**62:1**	**37:1**	**33:1**
FY21	Option B	70:1	52:1	43:1
FY20	Option B	203:1	126:1	91:1

In terms of reporting options, the Company has chosen option B, using the most recent gender pay gap information to determine the relevant employee at each of the 25th, 50th and 75th percentiles. This option has been chosen, as the data is considered to be the most accurate and comprehensive data available and will be repeatable on a sustained basis. For example, therefore, gender pay gap data at 1 April 2021 has been used to identify the relevant employees for FY22. Actual pay and benefits data received by the relevant employees for FY22 has then been used for the comparison to the Chief Executive's pay and calculate the respective pay ratios. Where appropriate an estimate has been used for FY22 bonus pay-out.

The total pay and benefits figures and the salary component of total pay and benefits for this year is set out below.

Pay data FY22	Base Salary	Total Pay & benefits
CEO remuneration	**£596,884**	**£1,467,623**
25th percentile employee	£21,559	£23,509
50th percentile employee	£32,500	£39,556
75th percentile employee	£37,425	£44,773

Directors' remuneration report continued

Annual report on remuneration continued

This year, our CEO pay ratio has reduced to 37:1. Whilst for the CEO remuneration variable pay is broadly similar (annual bonus 75%, LTIP 23.93% versus last year 79.7% and 20.33% respectively), the total pay and benefits received by the selected employees has increased versus last year.

Total pay and benefits comparing FY22 relevant employees with FY21 relevant employees shows increases of 2%, 29% and 21% at the 25th, 50th and 75th percentiles respectively. There have been no significant changes to reward arrangements to explain these increases and the change is therefore attributed to the reward received by the selected employees using Option B methodology.

The employees identified are reasonably representative of the nature of our workforce being identified from customer support, business support and field engineer areas.

Overall, the data demonstrates the commitment to pay the real Living Wage rate to all directly employed staff, which underpins the UK pay structure and is reflective of the wider approach to pay and progression.

Relative importance of spend on pay

The following table shows the Company's actual spend on pay (for all employees) relative to dividends, tax and retained profits:

Pay data FY22	FY21 £m	FY22 £m	% change
Pay (£m)	389.1	**414.1**	6%
Dividends (£m)	80.5	**89.3**	11%
Tax (£m)	15.4	**41.7**	171%
Retained profits (£m)	31.1	**132.8**	327%

Application of the remuneration policy to be implemented for FY23

Basic salary

Basic salary for each Executive Director is determined by the Remuneration Committee taking into account the roles, responsibilities, performance and experience of the individual. Salary increases are determined taking into account pay and employment conditions of employees elsewhere in the Company and market data on salary levels for similar positions at comparably-sized companies.

Salaries are normally reviewed in July each year, although the Committee has the ability to take a different approach if circumstances require. The explanation for the salary decisions for FY23 is in the Annual Statement of the Chair of the Remuneration Committee on page 94.

The salaries for the Executive Directors from 1 July 2022 will be as follows:

	2022 £000
D Bower	**£463,500**
R Clemmow	**£412,000**
R Harpin	**£617,819**
T Rusin	**$780,000**

As explained on page 94, Tom Rusin's salary is not increasing for FY23 as he received a special salary increase during FY22.

Fees for the Chairman and Non-Executive Directors

As detailed in the remuneration policy, the Company aims to set remuneration for Non-Executive Directors at a level which is sufficient to attract and retain Non-Executive Directors of the right calibre. The fees paid to the Chairman and the Non-Executive Directors are reviewed periodically.

The fees for Non-Executive Directors were last reviewed during FY21, as explained in last year's report. There are no changes to the fee levels from July 2022.

Details of the current and previous fees are detailed in the table below.

	1 July 2021	1 July 2022
Chairman's fees	£350,000	**£350,000**
Non-Executive Directors' base fee	£65,000	**£65,000**
Senior Independent Director additional fee	£12,000	**£12,000**
Chair of Remuneration, Audit & Risk or People Committee	£12,000	**£12,000**

Annual bonus performance targets FY23

The annual bonus plan for FY23 will operate in line with the new Directors' remuneration policy. The maximum bonus opportunity for each Director will be 150% of basic salary, with half of this amount payable for on-target performance. One-third of any bonus must be invested in HomeServe shares, to be held for a minimum of three years.

The bonus measures will be as follows for Richard Harpin and David Bower:

Financial measures (60% of bonus)	Non financial measures (20% of bonus)	ESG (10% of bonus)	Personal objectives (10% of bonus)
• Profit before tax	• Customer growth (5%) • Trades growth (Checkatrade) (5%) • Reduction in customer dissatisfaction (10%)	• Environment strategy	• Up to three personal strategic objectives

The bonus measures will be as follows for Ross Clemmow and Tom Rusin:

Financial measures (60% of bonus)	Non financial measures (20% of bonus)	ESG (10% of bonus)	Personal objectives (10% of bonus)
• Group Profit before tax (30%) • Divisional Profit before tax (30%)	• Divisional Customer growth (10%) • Reduction in Divisional Customer dissatisfaction (10%)	• Environment strategy	• Up to three personal strategic objectives

The Committee considers the forward-looking performance targets to be commercially sensitive and more detailed disclosure will be provided in next year's remuneration report.

The Committee has discretion to scale back any bonus payments if it is deemed appropriate.

Directors' remuneration report continued

Annual report on remuneration continued

Long-term incentives

Subject to the approval of the new Remuneration Policy, Performance Awards of 250% of salary will be made to the Executive Directors. An additional Performance Award equating to 100% of salary will be made to Tom Rusin. Further details are provided on page 93.

Performance criteria

The performance targets to be applied to the awards granted in FY23 are as follows for all standard awards:

- EPS growth (33.3%)
- Relative TSR (33.3%)
- ROIC (33.3%).

The additional award for Tom Rusin will be based on profit growth (50%) and ROIC (50%) for the US Membership division.

Due to the ongoing discussions with Brookfield, the detailed targets are still under consideration and will be confirmed if and when awards are granted.

Holding period for vested shares

The net of tax value of any shares vesting under the LTIP must be held for a further two years, providing a longer-term perspective to the incentive programme.

Shareholder voting

At last year's Annual General Meeting held on 16 July 2021, the following votes from shareholders were received in respect of the Remuneration report. Also shown are the votes received when the policy was last considered in 2020.

	Remuneration report (2021 AGM)		Remuneration policy (2020 AGM)	
	Total number of votes	% of votes cast	Total number of votes	% of votes cast
For	225,955,951	90.3	226,075,370	95.7
Against	24,176,835	9.7	10,179,917	4.3
Total votes cast (for and against excluding withheld votes)	250,132,786	100.0	236,255,287	100.0
Votes withheld	4,668,300		5,760,270	
Total votes (including withheld votes)	**254,801,086**		**242,015,557**	

By Order of the Board

Katrina Cliffe
Chair of the Remuneration Committee
24 May 2022

Directors' report

The Directors have pleasure in presenting their Annual Report for the year ended 31 March 2022.

Management report

The Directors' report, together with the Strategic report set out on pages 2 to 59 form the Management Report for the purposes of Disclosure Guidance and Transparency Rule (DTR) 4.1.5R.

Statutory information contained elsewhere in the Annual Report

Information required to be part of this Directors' Report can be found elsewhere in the Annual Report as indicated in the table below and is incorporated into this report by reference.

Information	Location in Annual Report
Likely future developments in the business of the Company or its subsidiaries	**Pages 2 to 59.**
Employees (employment of disabled persons, employee engagement and policies)	**Pages 23 to 25.**
Greenhouse gas emissions and SECR	**Pages 28 to 31.**
Stakeholder engagement	**Pages 20 to 21.**
Corporate Governance Statement	**Pages 61 to 91.**
Directors' details (including changes made during the year)	**Pages 69, 74 to 75.**
Related party transactions	**Note 34 on page 194.**
Diversity	**Page 25.**
Share Capital	**Note 28 on page 185.**
Going Concern and Viability Statement	**Pages 58 and 59.**
Employee share schemes (including long-term incentive schemes)	**Note 32 on page 188 and 189.**
Financial instruments: Information on the Group's financial instruments and risk management objectives and policies, including our policy for hedging	**Notes 27 and 46 on pages 182 to 185 and 207 to 209.**
Statements of responsibilities	**Page 124.**
Disclosure of information to auditor	**Page 124.**
Post balance sheet events	**Note 35 on page 195.**

Disclosure table pursuant to Listing Rule (LR) 9.8.4C

The following table provides reference to where the information required by Listing Rule 9.8.4C R is disclosed:

Listing Rule	Listing Rule requirement	Disclosure
9.8.4(1)	Interest capitalised by the Group and any related tax relief	**Not applicable**
9.8.4(2)	Unaudited financial information (LR 9.2.18 R)	**Strategic report page 2 to 59.**
9.8.4(4)	Long-term incentive schemes (LR 9.4.3 R)	**Directors' remuneration report pages 111 to 114.**
9.8.4(5)	Directors' waivers of emoluments	**Not applicable**
9.8.4(6)	Directors' waivers of future emoluments	**Not applicable**
9.8.4(7)	Non pre-emptive issues of equity for cash	**Not applicable**
9.8.4(8)	Non pre-emptive issues for cash by any unlisted major subsidiary undertaking	**Not applicable**
9.8.4(9)	Parent company participation in a placing by a listed subsidiary	**Not applicable**
9.8.4(10)	Contract of significance in which a Director is or was materially interested	**Not applicable**
9.8.4(11)	Contract of significance between the Company (or one of its subsidiaries) and a controlling shareholder	**Not applicable**
9.8.4(12)	Waiver of dividends by a shareholder	**Directors' report on page 122.**
9.8.4(13)	Waiver of future dividends by a shareholder	**Directors' report on page 122.**
9.8.4(14)	Board statement in respect of relationship agreement with the controlling shareholder	**Not applicable**

Directors' report continued

Dividends

In light of the recommended cash offer for the Group announced on 19 May 2022, the Board is not recommending a final dividend. The total dividend for the year therefore consists of the interim dividend of 6.8p per share which was paid on 7 January 2022 (FY21: 26.0p).

Political donations

No political donations were made during the year.

Rules on appointment and replacement of Directors

All of the Directors will seek re-election at the AGM in accordance with the Company's Articles of Association and the recommendations of the Code.

A Director may be appointed by ordinary resolution of the shareholders in a general meeting following nomination by the Board or a member (or members) entitled to vote at such meetings. In addition, the Directors may appoint a Director to fill a vacancy or as an additional Director, provided that the individual seeks election at the next AGM.

A Director may be removed by the Company in certain circumstances set out in the Articles of Association or by an ordinary resolution of the Company.

Directors' indemnities and insurance

The Company has made qualifying third-party indemnity provisions for the benefit of its Directors which were in place during the year and remain in force at the date of this report. The Company maintains directors' and officers' liability insurance for its Directors and officers.

Articles of Association

The powers of the Directors are set out in the Company's Articles of Association which are available on request. The Articles of Association may be changed by special resolution.

Capital Structure

Details of the issued share capital, together with details of shares issued during the year, are set out in note 28. There is one class of ordinary shares which carries no right to fixed income. Each share carries the right to one vote at a general meeting of the Company.

There are no specific restrictions on the size of a holding or on the transfer of shares, which are both governed by the general provisions of the Articles of Association and prevailing legislation. The Directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights.

Details of employee share schemes are set out in note 32. No votes are cast in respect of the shares held in the Employee Benefit Trust and dividends are waived.

No person has any special rights of control over the Company's share capital and all issued shares are fully paid. Subject to the Companies Act 2006 and any relevant authority of the Company in general meeting, the Company has authority to issue new shares.

The AGM held in 2021 authorised the Directors to allot shares in the capital of the Company within certain limited circumstances and as permitted by the Companies Act. A renewal of this authority will be proposed at the 2022 AGM.

Authority to purchase shares

The Company was authorised at the 2021 AGM to purchase its own shares, within certain limits and as permitted by the Articles of Association. A renewal of this authority will be proposed at the 2022 AGM. No shares were purchased during the year and no shares are held in Treasury.

Significant agreements – change of control

There are a number of agreements that take effect, alter or terminate upon a change of control of the Company such as commercial contracts, bank loan agreements, property lease arrangements and employees' share plans. None of these are considered to be significant in terms of their likely impact on the business of the Group as a whole. Furthermore, the Directors are not aware of any agreements between the Company and its Directors and employees that provide for compensation for loss of office or employment that occurs because of a takeover bid.

Annual General Meeting
The 2022 Annual General Meeting of the Company will be held on 22 July 2022.

Fixed Assets
Capital expenditure on tangible fixed assets amounted to £6.8m (FY21: £7.1m) during the year.

Directors' interests in shares
The beneficial interests of the Directors in the shares of the Company and the options held as at 31 March and 24 May 2022 are set out in the Remuneration report on page 115. None of the Directors serving at the year-end had a beneficial interest in the share capital of any subsidiary company.

Substantial Shareholdings
As far as the Directors are aware, no person or company had a beneficial interest in 3% or more of the voting share capital at 31 March and 24 May 2022, except for the following:

Name	As at 31 March 2022 ordinary shares	%	As at 24 May 2021 ordinary shares	%
R Harpin	**24,825,697**	**7.38**	24,825,759	7.38
BlackRock Inc	**18,280,853**	**5.43**	18,983,803	5.64
T Rowe Price Associates Inc	**16,769,101**	**4.98**	16,769,101	4.98
K Harpin	**16,025,620**	**4.76**	16,025,620	4.76
Bank of America Corporation	**—**	**—**	13,371,027	3.97

Taxation status
The Company is not a close company within the meaning of the Income and Corporation Taxes Act 1988.

Post balance sheet event
On 19 May 2022, Brookfield Infrastructure Funds announced a recommended cash offer for the entire issued and to be issued share capital of the Company, to be effected by means of a court approved scheme of arrangement under Part 26 of the UK Companies Act 2006. The proposed acquisition is subject to shareholder approval, approval of the courts and approval from a number of regulatory authorities.

By Order of the Board

Anna Maughan
Company Secretary
24 May 2022

Statements of responsibilities

The Directors are responsible for preparing the Annual Report & Accounts, Remuneration 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 the Directors are required to prepare the Group financial statements in accordance with United Kingdom adopted international accounting standards. The Directors have also chosen to prepare the parent Company financial statements under United Kingdom adopted international accounting standards. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the company for that period.

In preparing these financial statements, International Accounting Standard 1 requires that Directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements of the financial reporting framework are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

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 the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Responsibility Statement

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;
- the Strategic report includes a fair review of the development and performance of the business and the position of the Company, and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- the Annual Report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the company's position and performance, business model and strategy.

By Order of the Board

Richard Harpin
Chief Executive Officer
24 May 2022

David Bower
Chief Financial Officer
24 May 2022

Independent Auditor's report to the members of HomeServe plc

Opinion

In our opinion:

- the financial statements of HomeServe plc (the 'parent company') and its subsidiaries (the 'Group') give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 March 2022 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Group income statement;
- the Group and parent company statements of comprehensive income;
- the Group and parent company balance sheets;
- the Group and parent company statements of changes in equity;
- the Group and parent company cash flow statements; and
- the related notes 1 to 50.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom adopted international accounting standards and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services provided to the Group and parent company for the year are disclosed in note 5 to the financial statements. We confirm that we have not provided any non-audit services prohibited by the FRC's Ethical Standard to the Group or the parent company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Summary of our audit approach

Key audit matters

The key audit matters that we identified in the current year were:

- carrying value of goodwill;
- revenue deferrals.

Within this report, key audit matters are identified as follows:

Newly identified Increased level of risk Similar level of risk Decreased level of risk

Independent Auditor's report
to the members of HomeServe plc continued

Materiality
The materiality that we used for the Group financial statements was £8.6m which was determined on the basis of 0.6% of revenue.

Scoping
The significant businesses in the following operating segments were subject to a full scope audit:

Membership and HVAC:
- United Kingdom;
- North America;
- France; and
- Spain.

Home Experts:
- United Kingdom; and
- North America.

The 'Membership and HVAC – New Markets' and 'Home Experts – Other' operating segments were subject to specific audit procedures.

Significant changes in our approach
In the prior year we identified the impairment of the UK's eServe Customer Relationship Management ('eServe') to be a key audit matter. Management fully impaired the new eServe system in the prior year, resulting in impairment charges of £82.6m being incurred by the Group. Following management's impairment review and the decision to fully impair the eServe system, this area has not been identified as a key audit matter for the year ended 31 March 2022.

Conclusions relating to going concern
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.

Our evaluation of the Directors' assessment of the Group's and parent company's ability to continue to adopt the going concern basis of accounting included:

- evaluating management's going concern assessment, which included specific consideration of the continuing impact of the Covid-19 pandemic and the Group's operational resilience, and the announcement on 24 March 2022 that a third party was considering a bid for HomeServe, in order to understand, challenge and assess the key judgements made by management;
- obtaining an understanding of the Group's process and relevant controls around management's going concern assessment;
- reviewing management's three year business plan and regulatory correspondence across the Group;
- assessing compliance with the covenant conditions attached to the Group's lending facilities;
- reviewing post year end performance and assessing the historical accuracy of forecasts prepared by management; and
- assessing the appropriateness of the disclosures made in the financial statements surrounding going concern and the principal risks and uncertainties that the Group is facing.

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 Group's and parent 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 relation to the reporting on how the Group has 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.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our 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) that we identified. These matters included 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 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.

Carrying value of goodwill

Key audit matter description

The carrying value of goodwill is £667.9m (FY21: £564.3m).

Management's goodwill impairment analysis is completed at an individual cash generating unit ('CGU') basis. The Group's assessment of the carrying value of goodwill is a judgemental process which requires estimates concerning the future cash flows of each CGU and associated discount rates. We identified key audit matters in the following areas:

- the accuracy of the weighted average cost of capital ('WACC') for each CGU used to discount the cash flows within the Group's impairment assessment; and
- the cash flow forecasts used for the Home Experts division, comprising Checkatrade, Habitissimo and eLocal. The Home Experts division has been most heavily impacted by the Covid-19 pandemic, Habitissimo is currently loss making and the value in use assessment is highly sensitive to variations in the short-term cash flow growth assumptions.

Given the degree of judgement and estimation involved in assessing the carrying value of goodwill, we also identified that there is a potential for fraud through possible manipulation of this balance.

Having made their assessment, management determined that no impairment was required, however, as disclosed in notes 3 and 13, a reasonably plausible change in operational cash flows in the Habitissimo CGU could result in an impairment of goodwill, which has a carrying value of £12.4m.

Further detail on the key judgements involved is set out within the Audit and Risk Committee report on page 88, significant accounting policies in note 2, the key sources of estimation uncertainty in note 3 and note 13 to the financial statements.

How the scope of our audit responded to the key audit matter

We first understood the Group's process and key controls around the carrying value of goodwill, specifically the Group review process to assess the accuracy and completeness of key assumptions within the impairment assessment.

We assessed the Group's WACC with support from our internal valuations specialists. We assessed the impact of using our independent WACC rate in management's impairment calculation. We benchmarked assumptions to external macro-economic and market data and independently determined the WACC rate for each CGU.

We challenged the Group's key assumptions relating to the estimated future cash flows applied to the Home Experts businesses. Our procedures included:

- challenging the reasonableness of the Group's assessment of the cash flow forecasts and growth rates applied for the Home Experts businesses, particularly Habitissimo and Checkatrade, given the businesses have low levels of forecast profitability in the short-term. This included understanding the key drivers of growth and challenging the extension of the estimated future cash flows for the Habitissimo CGU to cover a five-year period; and
- assessing the Group's ability to accurately forecast business performance with reference to historical trading performance.

We have reviewed the consistency of the key assumptions used in the carrying value of goodwill assessment to the budget used by the Group to assess longer term-viability and going concern.

We have considered the appropriateness of management's carrying value of goodwill disclosures, including the sensitivity of the carrying value of goodwill in the Habitissimo CGU, in line with guidance from IAS 36 – Impairment of assets and IAS 1 – Presentation of financial statements.

Independent Auditor's report to the members of HomeServe plc continued

Key observations
Overall, we concluded that the key assumptions used within the Group's goodwill impairment assessment were acceptable.

We consider management's conclusions regarding the carrying value of goodwill to be reasonable as at 31 March 2022. We consider the disclosures in note 3 and 13 in relation to Habitissimo to be appropriate in highlighting that a reasonably plausible change in operational cash flows in that CGU could result in an impairment of goodwill.

Revenue deferrals

Key audit matter description
As an insurance intermediary, the Group is required to recognise revenue at the point at which a policy goes on risk. Some elements of revenue are deferred to cover future costs. This is an important area of estimation which requires significant judgement by the Group to determine key assumptions, particularly regarding the level of revenue to defer in the Membership and HVAC division in order to satisfy the Group's obligations for future claims handling and non-recoverable costs incurred by HomeServe's directly employed operations.

Given the degree of judgement and estimation involved in determining the level of revenue to defer, we also identified that there is a potential for fraud through possible manipulation of this balance.

The total amount of revenue deferred at 31 March 2022 in respect of the Group's future claim handling obligations is £17.9m (FY21: £18.9m). The total amount of revenue deferred at 31 March 2022 in respect of the Group's directly employed operations is £23.8m (FY21: £21.8m).

The key assumptions used by the Group for claims handling and directly employed operations are the directly employed engineer rate, claims profiles and the average cost per claim, which are based on recent behavioural experience.

Further detail on the Group's revenue recognition policy is set out within the Audit and Risk Committee report on page 88, significant accounting policies in note 2 and the associated key judgements involved are set out in the critical accounting judgements and key sources of estimation uncertainty in note 3 to the financial statements.

How the scope of our audit responded to the key audit matter
We first understood the Group's process and relevant controls around the revenue deferrals. Specifically, controls that the Group has in place to manage the risk of inappropriate assumptions being used within the revenue deferrals.

We assessed the Group's policy for deferring revenue, including considering whether the policy is in accordance with current accounting standards, IFRS 15 – Revenue from contracts with customers.

We challenged the key inputs and assumptions used in the revenue deferral calculations. As part of this, we specifically considered whether any adjustments were required to revenue deferrals in light of the continued Covid-19 pandemic through review of current behavioural experience, as well as forecast volumes during the recovery period:

- For cost per claim we compared budgeted costs to previous actual behaviour and challenged any variances;
- We have inspected Management's DEE rate calculations, based on previous claims data, and tested all the underlying inputs for completeness and accuracy; and
- For claims profiles we tested a sample of policies and agreed underwriter rates to third party information.

We tested the completeness and accuracy of the source data to underlying supporting evidence.

Additionally, we have assessed if management was consistent in implementing the calculations across the Membership and HVAC division and in line with Group policy.

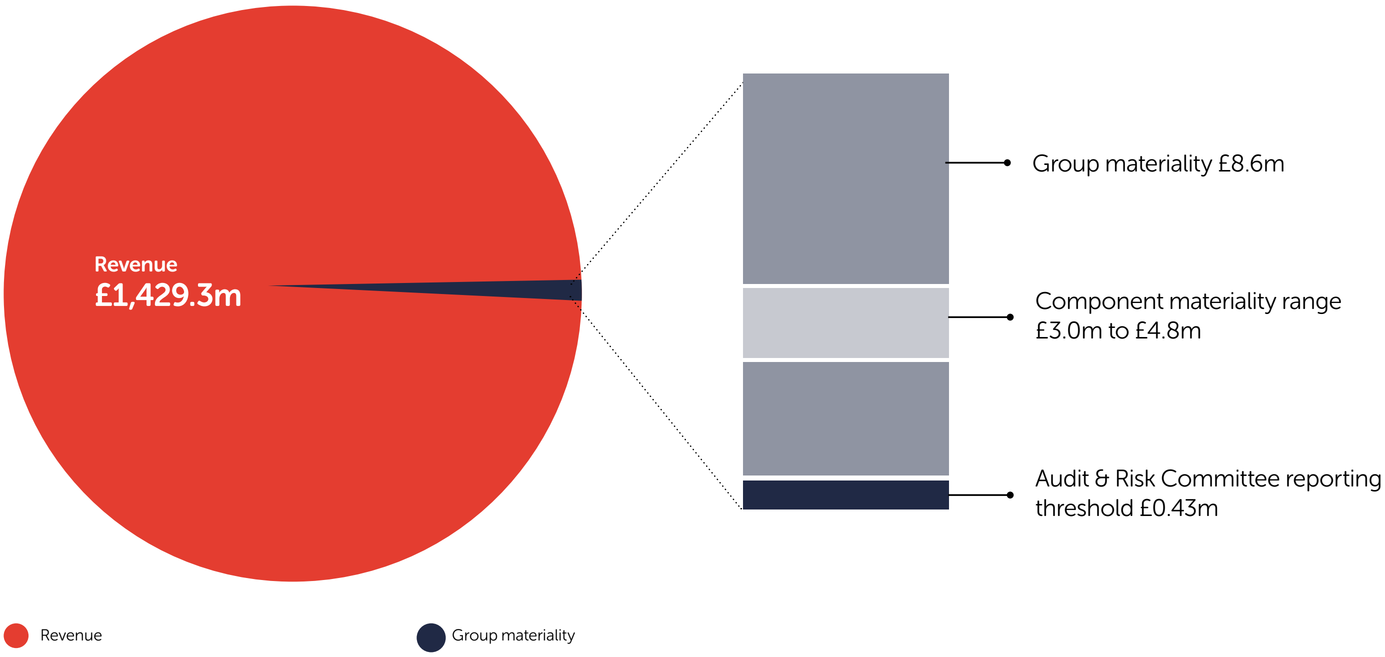
Key observations
We concluded that the key assumptions used in estimating the revenue deferrals for the Group were reasonable.

Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

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

	Group financial statements	Parent company financial statements
Materiality	£8.6m (FY21: £7.4m)	£4.3m (FY21: £3.7m)
Basis for determining materiality	We determined materiality for the Group on the basis of 0.6% of revenue (FY21: less than 0.6% of revenue).	We determined parent company materiality on the basis of net assets, capped at 50% of Group materiality. Parent company materiality equates to 0.9% (FY21: 0.8%) of net assets.
Rationale for the benchmark applied	Consistent with the prior year, we consider revenue to be the most stable materiality benchmark on the basis it is less susceptible to business seasonality. We also note revenue is considered a key metric for users of the financial statements.	The Company is the parent company for the Group and is not a trading entity, hence we considered this net assets to be the most appropriate measure for the Company.



Independent Auditor's report to the members of HomeServe plc continued

Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	Group financial statements	Parent company financial statements
Performance materiality	70% (FY21: 70%) of Group materiality	70% (FY21: 70%) of parent company materiality
Basis and rationale for determining performance materiality	In determining performance materiality, we considered the following factors: • the level of decentralisation and autonomy displayed by the operating segments of the Group; • the level of growth within the Group including the number of acquisitions completed during the year; • the nature, volume and size of uncorrected and corrected misstatements in the previous year; • the quality of the control environment; and • the impact of the Covid-19 pandemic on the control environment.	

Error reporting threshold

We agreed with the Audit and Risk Committee that we would report to the Committee all audit differences in excess of £430,000 (FY21: £367,500), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit and Risk Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit

Identification and scoping of components

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including Group-wide controls, and assessing the risks of material misstatement at the Group level. Based on that assessment, we focused our Group audit scope primarily on the significant businesses in the following operating segments:

Membership and HVAC:
- United Kingdom;
- North America;
- France; and
- Spain.

Home Experts:
- United Kingdom; and
- North America.

The 'Membership and HVAC – New Markets' and 'Home Experts – Other' operating segments were subject to specified audit procedures.

The operating segments subject to a full scope audit account for 99% (FY21: 99%) of the Group's revenue and 100% (FY21: 100%) of the Group's profit before tax. They were also selected to provide an appropriate basis for undertaking audit work to address the risks of material misstatement identified above. Our audit work for these operating segments was executed at levels of materiality ranging from £3.0m to £4.8m (FY21: £2.6m to £3.6m).

At the parent company level we also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information of the remaining segments not subject to audit or audit of specified account balances.

Our consideration of the control environment
We planned to rely on revenue controls in our audit of the membership businesses in the UK, North America, France and Spain. In doing so we obtained an understanding and tested the relevant controls. The Group is reliant upon the effectiveness of a number of IT applications and controls to ensure that transactions are processed and recorded completely and accurately and we involved our IT specialists to obtain an understanding of general IT controls across the systems relevant to the businesses listed.

With the exception of North America and France membership businesses, we relied upon the controls tested as planned. In relation to these membership businesses we identified control deficiencies over the related IT systems. As a result of these findings, we reconsidered our risk assessment and conducted additional substantive procedures including increased sample testing of the membership revenue balances. We therefore adopted a fully substantive approach in relation to these areas in our audit testing.

Our consideration of climate-related risks
In planning our audit, we have considered the impact of climate change on the Group's operations and impact on its financial statements. The Group has set out its carbon reduction ambitions and further information on page 31 of the Strategic Report. We have held discussions with the Group to understand:

- the process for identifying affected operations, including the governance and controls over this process, and the subsequent effect on the financial reporting for the Group; and
- the long-term strategy to respond to climate change risks as they evolve.

Our audit work has involved challenging the completeness of the physical and transition risks identified and considered in the Group's climate risk assessment and the conclusion that there is no material impact of climate change risk on current year financial reporting, as disclosed in note 3 on page 154.

As part of our audit procedures we are required to read these disclosures to consider whether they are materially inconsistent with the financial statements or knowledge obtained in the audit and we did not identify any material inconsistencies as a result of these procedures. We have not been engaged to provide assurance over the accuracy of climate change disclosures.

Working with other auditors
We have previously followed a programme of planned visits in which at least two senior members of the UK based Group audit team physically visited our component auditors in North America, France and Spain.

As a result of the Covid-19 pandemic, we were unable to conduct our component visits. In response to this we increased the frequency of our communications with each component to monitor progress. At least two senior members attended each component audit close meeting, which was held via videoconference. We issued referral instructions to all significant component audit teams and interacted with them throughout the audit process. In the absence of fieldwork component visits, we used videoconferencing to review component audit documentation.

Other information
The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the Annual Report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 in this regard.

Independent Auditor's report to the members of HomeServe plc continued

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors 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 Group's and the parent 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 Group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's 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 auditor's 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.

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 auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

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. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the Group's remuneration policies, key drivers for Directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management, internal audit and the Audit and Risk Committee about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the Group's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team including significant component audit teams and relevant internal specialists, including tax, valuations, pensions, financial instrument and IT specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in relation to the carrying value of goodwill and revenue deferrals. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the Group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, Listing Rules and local tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty. These included compliance with Financial Conduct Authority regulation for the UK operating segment and compliance with local legislation for the overseas operating segments.

Audit response to risks identified
As a result of performing the above, we identified the carrying value of goodwill and revenue deferrals as key audit matters related to the potential risk of fraud. The key audit matters section of our report explains these matters in more detail and also describes the specific procedures we performed in response to those key audit matters.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the Audit and Risk Committee, in-house and external legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with the Financial Conduct Authority; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business. We also obtained an understanding of provisions and held discussions with management to understand the basis of recognition or non-recognition of tax provisions.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and significant component audit teams, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.Report on other legal and regulatory requirements

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006
In our opinion the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the Directors' report.

Corporate governance statement
The Listing Rules require us to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified for our review.

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 with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 55;

- the Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 59;
- the Directors' explanation as to its assessment of the Group's prospects, the period this assessment covers and why the period is appropriate set out on page 58;
- the Directors' statement on fair, balanced and understandable set out on page 89;
- the board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 89;
- the section of the Annual Report that describes the review of effectiveness of risk management and internal control systems set out on page 84 to 85; and
- the section describing the work of the Audit and Risk Committee set out on page 87.

Independent Auditor's report
to the members of HomeServe plc continued

Matters on which we are required to report by exception

Adequacy of explanations received and accounting records

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of Directors' remuneration have not been made or the part of the Directors' remuneration report to be audited is not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

Other matters which we are required to address

Auditor tenure

Following the recommendation of the Audit and Risk Committee, we were appointed by the Board of Directors on 1 August 2002 to audit the financial statements for the year ending 31 March 2003 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 20 years, covering the years ending 31 March 2003 to 31 March 2022.

Consistency of the audit report with the additional report to the audit committee

Our audit opinion is consistent with the additional report to the Audit and Risk Committee we are required to provide in accordance with ISAs (UK).

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

As required by the Financial Conduct Authority (FCA) Disclosure Guidance and Transparency Rule (DTR) 4.1.14R, these financial statements form part of the European Single Electronic Format (ESEF) prepared Annual Financial Report filed on the National Storage Mechanism of the UK FCA in accordance with the ESEF Regulatory Technical Standard ('ESEF RTS'). This auditor's report provides no assurance over whether the annual financial report has been prepared using the single electronic format specified in the ESEF RTS. We have provided assurance on whether the annual financial report has been prepared using the single electronic format specified in the ESEF RTS and have reported separately to the members on this.

Peter Birch FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Leeds, UK
24 May 2022

Independent auditor's reasonable assurance report on the compliance of HomeServe plc's European Single Electronic Format (ESEF) prepared Annual Financial Report with the European Single Electronic Format Regulatory Technical Standard ('ESEF RTS') as required by the Financial Conduct Authority (FCA) Disclosure Guidance and Transparency Rule (DTR) 4.1.14R

To the Members of HomeServe plc

Report on compliance with the requirements for iXBRL mark up ('tagging') of consolidated financial statements included in the ESEF-prepared Annual Financial Report

We have undertaken a reasonable assurance engagement on the iXBRL mark up of consolidated financial statements for the year ended 31 March 2022 of HomeServe plc (the "company") included in the ESEF-prepared Annual Financial Report prepared by the company.

Opinion

In our opinion, the consolidated financial statements for the year ended 31 March 2022 of the company included in the ESEF-prepared Annual Financial Report, are marked up, in all material respects, in compliance with the ESEF RTS.

The directors' responsibility for the ESEF-prepared Annual Financial Report prepared in compliance with the ESEF RTS

The directors are responsible for preparing the ESEF-prepared Annual Financial Report. This responsibility includes:

- the selection and application of appropriate iXBRL tags using judgement where necessary;
- ensuring consistency between digitised information and the consolidated financial statements presented in human-readable format; and
- the design, implementation and maintenance of internal control relevant to the application of the ESEF RTS.

Our independence and quality control

We have complied with the independence and other ethical requirements of Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We apply International Standard on Quality Control 1 and, accordingly, maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our responsibility

Our responsibility is to express an opinion on whether the electronic mark up of consolidated financial statements complies in all material respects with the ESEF RTS based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with International Standard on Assurance Engagements (UK) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information ('ISAE (UK) 3000') issued by the FRC.

A reasonable assurance engagement in accordance with ISAE (UK) 3000 involves performing procedures to obtain reasonable assurance about the compliance of the mark up of the consolidated financial statements with the ESEF RTS. The nature, timing and extent of procedures selected depend on the practitioner's judgement, including the assessment of the risks of material departures from the requirements set out in the ESEF RTS, whether due to fraud or error. Our reasonable assurance engagement consisted primarily of:

- obtaining an understanding of the ESEF RTS mark up process, including internal control over the mark up process relevant to the engagement;
- reconciling the marked up data with the audited consolidated financial statements of the company dated 31 March 2022;
- evaluating the appropriateness of the company's mark up of the consolidated financial statements;
- evaluating the appropriateness of the company's use of iXBRL elements selected from a permitted taxonomy and the creation of extension elements where no suitable element in the permitted taxonomy has been identified; and
- evaluating the use of anchoring in relation to the extension elements.

In this report we do not express an audit opinion, review conclusion or any other assurance conclusion on the consolidated financial statements. Our audit opinion relating to the consolidated financial statements of the company for the year ended 31 March 2022 is set out in our Independent Auditor's Report dated 24 May 2022.

Independent auditor's reasonable assurance report on the compliance of HomeServe plc's European Single Electronic Format (ESEF) prepared Annual Financial Report with the European Single Electronic Format Regulatory Technical Standard ('ESEF RTS') as required by the Financial Conduct Authority (FCA) Disclosure Guidance and Transparency Rule (DTR) 4.1.14R continued

Use of our report

Our report is made solely to the company's members, as a body, in accordance with ISAE (UK) 3000. Our work has been undertaken so that we might state to the company those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our work, this report, or for the conclusions we have formed.

Peter Birch FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Leeds, UK
24 May 2022