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**Severn Trent Plc  
Corporate Responsibility Committee**

**Terms of Reference**

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**1 Constitution**

The Board of Directors has established a committee of the Board, henceforth known as the Corporate Responsibility Committee (“the committee”). The board shall appoint the committee chairman, who will be an independent director as defined by The Combined Code

**2 Membership**

Members of the committee shall be appointed by the board, and save for the Chief Executive, shall comprise only of independent non-executive directors.

The committee shall consist of a minimum of three members. The Company Secretary or a nominee shall act as the secretary to the committee.

Appointments to the committee shall be for a period of up to three years, which may be extended provided, except in the case of the Chairman of the Board, the director remains independent.

**3 Quorum**

The quorum necessary for the transaction of business by the committee will be two members.

In the event that a meeting of the Committee is required but a quorum might not be secured, an existing member of the Committee shall be empowered to appoint another director(s) to attend such meeting in consultation with the Chairman of the Committee.

In the absence of the chairman the members attending will elect one of their number to chair the meeting, who must be an independent director.

**4 Meetings**

Meetings shall be held at least four times per year, and also at such other times as the chairman of the committee shall require. Only members of the committee have the right to attend.

Prior to the commencement of each calendar year, the chairman of the committee and the Secretary shall review the frequency and dates of meetings for the subsequent financial year and propose such dates for agreement by other members of the committee.

A meeting of the committee may be called by the Secretary at the request of any member of the committee, and the Secretary shall agree the agenda with the chairman.

Other executive and non-executive directors, other senior management and external advisors may be invited to attend for all or part of any meeting as and when appropriate, particular care being taken to recognise and avoid any conflicts of interest.

Meetings of the committee shall be called by giving at least five working days' written notice unless all the members of the committee agree to shorter notice.

Members may participate in a meeting by means of a conference telephone, video conferencing facility or other suitable communicating equipment.

The Secretary shall minute the proceedings and resolutions of all meetings as well as keep appropriate records. Minutes of the meetings shall be circulated promptly to all members of the committee and, once agreed, to all members of the board, unless a conflict of interest arises.

## **5 Authority**

The committee is authorised by the board to recommend Company policy within its terms of reference.

It is authorised to seek any information it requires from any employee and all employees shall be directed to co-operate with any request made by the committee.

## **6 Independent Advice and Resources**

The committee is authorised by the board to obtain outside legal or other independent professional advice as it considers necessary to undertake its duties and to secure the attendance of any such advisers at any meetings of the committee.

In this regard any board policy document concerning the securing of such advice shall be adhered to by the committee.

The committee is exclusively responsible for establishing the selection criteria for such advisors and their appointment and terms of reference.

The appointment and performance of the advisors shall be reviewed by the committee on a regular basis and at least annually.

## **7 Duties**

The duties of the committee are as follows:

### **7.1 To recommend to the Board:**

- (a) Approval of Corporate Responsibility Policies, to include:

- i. Health & safety policy
  - ii. Environmental policy
  - iii. Human resources policy
  - iv. Code of Ethics and business practices, to include human rights
  - v. Donations policy
  - vi. Prevention of Bribes and other corrupt practices policy
- (b) annually, an action plan to include targets, proposed by executive management, to maintain the above policies; and
  - (c) whatever it deems appropriate on any area within its remit where action or improvement is needed.

**7.2 To have due regard to the duties of the board of directors** in respect of Section 172 of the Companies Act 2006 in all its recommendations to the board.

**7.3 To ensure:**

- (a) the development, review and promulgation of workplace policies and in particular those concerning the provision of a healthy and safe working environment for employees and contractors and the group's People Values, human rights, employee diversity and the Code of Business Principles and Conduct;
- (b) the promotion of environmental policies particularly those that relate to the activities where the Group has its most significant environmental impacts in respect of energy management and climate change, water quality, resource productivity (including leakage and waste) and biodiversity and land use;
- (c) the development of socially responsible values and policies that relate to the social and economic community in which the company operates. Ensuring the company can demonstrate that it lives through these values and can act responsibly in its engagement with all stakeholders in this community; locally, nationally and internationally;
- (d) the regular publication, internally and externally, of corporate social responsibility performance and plans using the company's website, annual report and other such methods of communication as are considered necessary; and
- (e) that the committee chairman reports formally to the board on its proceedings after each meeting on all matters within its duties and responsibilities.

#### **7.4 To review:**

- (a) regularly, the KPI information measuring performance against agreed criteria;
- (b) the objectives and performance of the Safety, Quality and Standards Department;
- (c) annually, the committee's terms of reference and the effectiveness of the committee and to report to the board in respect thereof, including any recommendations; and
- (d) oversee any evaluation of activities within its terms of reference.

#### **7.5 To approve:**

- (a) KPIs to be measured during the year, their audit and verification; and
- (b) KPIs for inclusion within the annual summary CR report.

### **8 Decisions of the Committee**

Any decisions of the committee shall be taken on a simple majority basis. The chairman shall have a casting vote in the event of equality of voting.