

[date]

Name  
Address

Chairman's contact details

Dear

Appointment as non-executive Director

### **Appointment**

Following our recent discussions, I am very pleased to confirm my invitation to you to join the boards of Severn Trent Plc and Severn Trent Water Limited (Severn Trent) as a non-executive Director.

### **Term of appointment and vacation of office**

Subject to confirmation of your appointment at the meeting of the Severn Trent boards to be held on [ ] and receipt of your consent to act as a director of Severn Trent, you will hold office from [ ] until the later of the [ ] annual general meetings of Severn Trent. You are eligible for election as a director at those meetings and, if elected, will be subject to retirement by rotation under Severn Trent's articles of association.

At any time during your tenure, including when you become subject to re-election under Severn Trent's articles of association or the law, your performance as a director will be reviewed in accordance with processes agreed by the boards from time to time. A recommendation as to your re-appointment may be made in notices of meeting or other material provided to shareholders. You agree to participate in such reviews.

You may cease to hold office as a director:

- at any time that you resign by written notice. It is desirable that you give the Chairman reasonable forewarning of your intention to resign or not to seek re-election where that is possible so that Severn Trent can plan for succession of skills and experience on the boards; and
- in accordance with the law or articles of association of Severn Trent. The shareholders may change the articles of association at any time.

This letter refers to your appointment as a non-executive Director. The boards may from time to time request you to participate in one or more board committees, subject to your agreement.

### **Role**

As a non-executive director of Severn Trent, you will be expected to participate as a member of the boards in:

- constructively challenging and helping to develop proposals on strategy of the Group;
- setting values and standards for the Group and establishing systems for their communication and monitoring;

- monitoring the performance of management in meeting agreed goals and objectives and ensuring that the necessary financial and human resources are in place to enable the Group to meet those goals and objectives;
- satisfying yourself as to the adequacy and integrity of financial and other reporting to the boards and shareholders and that there are adequate systems of internal control; and
- satisfying yourself that systems for identification and management of risks are robust and appropriate.

While you have been selected on the basis of ensuring that the boards have a mixture of skill and experience which they require, you are not expected to participate in the boards as an expert.

### **Time commitments**

I anticipate that your duties as a non-executive director of Severn Trent will involve a commitment of approximately [ ] days in each year. Currently, that would typically comprise attendance at:

- ten scheduled board meetings. A majority of these will occur at our Corporate Head Office in Birmingham. A number of meetings will occur at our London office, Queen Anne's Gate. Another will be a 2 day strategy meeting. The meetings would typically cover at least 1 day but could extend up to 2 days for visits to sites. Travel will be in addition to this;
- the annual general meeting;
- site visits; and
- board committee meetings which occur at times other than those days set aside for board meetings.

If you are appointed as a chairman of any committee, you may expect a further call on your time to fulfil that role.

A rolling schedule of board and committee meetings is available through the Company Secretary. The [ ] schedule is in Annexure 1 to the attachment.

In addition, you will be expected to devote appropriate preparation time ahead of each meeting and to attend such ad hoc meetings as may be necessary or convenient.

By accepting this appointment, you confirm that you are able to allocate sufficient time to meet these expectations. You should consult with me as Chairman before you accept any additional commitments (including other Board appointments) which may conflict with, or impact upon, the time you are able to devote to your role as a non-executive director of Severn Trent. Your appropriate commitment of time to the affairs of the Severn Trent Group will be one of the issues addressed in performance reviews.

Directors are, with my consent as Chairman, permitted to attend meetings "electronically" when absolutely necessary.

### **Technology**

By consenting to become a director, you consent to the use of video, telephone, electronic mail, any other technology which permits each director to communicate with every other director, or any combination of these technologies for the purpose of calling and holding directors' meetings. You can withdraw this consent by notification to the Company Secretary a reasonable period before a board or committee meeting is held.

### **Independence and other interests**

You have confirmed to me that you regard yourself as an independent director. If your circumstances change in any way which may affect your status as an independent director, you must immediately disclose this to the boards.

Severn Trent accepts that you will have business interests other than those of the Severn Trent Group. Disclosure of interests is a continuing obligation. If your circumstances change, and you acquire any office or property which may conflict with your office as a director of Severn Trent or the interest of the Severn Trent Group, then you must disclose its character and extent at the next meeting of directors. This should be done in writing. You may wish to consult with me as Chairman, or the Company Secretary, as soon as you become aware of any potential conflict. You should be aware that under the law and the articles you will generally not be entitled to attend any part of a board meeting, or to vote, on any matter in which you have a material personal interest unless the other directors unanimously decide otherwise. Any material interests are required to be disclosed in the annual report and the accounts under the United Kingdom Companies Act and the Listing Rules of the UK Listing Authority.

### **Remuneration and expenses**

Each non-executive director is paid a base fee which is currently £[ ] per annum. Fees are payable monthly and will be deposited into your bank account, details of which you will provide to us.

Directors may, in addition, receive a fee for devoting special attention to the business of the Severn Trent Group which is outside the scope of ordinary duties, or where any business journey must be undertaken.

Non-executive Directors have an option to receive a percentage of their salary in Severn Trent Plc shares and further details are available from the Company Secretary.

You are entitled to be paid other expenses you properly incur concerning Severn Trent's affairs. Except for expenses associated with travelling, you should obtain the approval of the Chairman to the expense before you incur it.

You will not be entitled to a retirement allowance or pension.

### **Induction**

You have agreed to participate in an induction program that includes:

- meetings with shareholders;
- one-on-one meetings with members of management; and
- visits to key assets.

You will also receive an induction pack of information concerning the Group from the Company Secretary. You should feel free to request any further information which you require either from me, or from her, at any time.

### **Continuous improvement and directors' appraisal**

The board believes that progressive organisations appreciate the challenge of operating in today's business environment. You agree that you will participate in:

- continuous improvement programs from time to time determined by the board as being appropriate for directors, at the expense of Severn Trent and whether or not those programs are offered by Severn Trent; and
- participate in processes of internal and external review of director, board and committee performance as may be determined to be appropriate by the board from time to time. You

acknowledge that such processes may result in positive or negative recommendations in relation to your candidacy for reappointment to the board.

If there are any issues which cause you concern about the board or your individual performance, or the performance of any committee, you should feel free to raise it with me as Chairman at any time.

### **Independent advice**

With the approval of the Company Secretary, you may seek independent professional advice, at the expense of Severn Trent, on any matter connected with the discharge of your responsibilities. Copies of this advice must be made available to, and for the benefit of, all board members, unless the Chairman otherwise agrees.

### **Policies**

Severn Trent has developed a range of policies which govern conduct of the directors and employees and set out the processes, values and standards of the Group in dealing with all stakeholders. You should familiarise yourself with them. You may access them from the website at [www.severntrent.com](http://www.severntrent.com) or the Company Secretary will provide you with hard copies at your request. You acknowledge that your conformity with these policies will be an element in any assessment of your performance as a director of Severn Trent.

### **Notification of personal interests**

Under the Listing Rules of the UK Listing Authority on which Severn Trent Plc securities are traded, Severn Trent may be required to provide information about you. Filings concerning you must also be made with various government authorities.

You agree that you will provide to the Company Secretary promptly (and within required timeframes for filing that information) all information about you which may be required for this purpose including (without limitation):

- details of your name, address, date and place of birth; and
- details of dealings by you, your spouse and minor children and entities associated with you or any of them, in securities issued by Severn Trent Plc.

Please note that under current policies you are required to obtain the consent of the Chairman before dealing in securities of Severn Trent and there are designated prohibited periods for dealing. This information is set out in the Group's Securities Dealing Code. By accepting this appointment, you agree to be bound by the provisions of the Dealing Code.

### **Company Secretary**

The Company Secretary of Severn Trent is Fiona Smith. All directors have access to her advice and services.

### **Confidentiality**

All information obtained during your appointment is confidential to Severn Trent and should not be released, either during your appointment or following termination (by whatever means) to third parties without prior clearance from the Chairman, or as required by law.

I also draw your attention to both legislation and Severn Trent policy prohibiting disclosure or use of price sensitive information.

We look forward to welcoming you to our boards. Please feel free to contact me or the Company Secretary if you have any queries in relation to the above.

Yours sincerely

Sir John Egan  
Chairman

**Acknowledgment**

I, [ ], hereby accept the terms of appointment set out in this letter.

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Signature Date