

SEVERN TRENT WATER LIMITED (the 'Company')
MATTERS RESERVED TO THE SEVERN TRENT WATER LIMITED BOARD

This schedule has been considered in light of the requirements contained in Ofwat's Board leadership, transparency and governance principles (the 'Principles') and the UK Corporate Governance Code (the 'Code') and has been approved by the Severn Trent Water Limited Board (the 'Board'). It is intended to describe those matters that it considers should be decided by the Board as a whole rather than delegating to a Committee or Individual Directors.

Having regard to the Principles and the Code, and to the duty (contained within Section 172 Companies Act 2006) for each of the Directors to promote the success of the Company for the benefit of its members as a whole, and in doing so, to have regard (amongst other matters) to:

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

The documents detailed below, which support this document, have also been approved by the Board:

- Group Authorisation Arrangements;
- The Charter of Expectations and Role Profiles, including the roles of Chair and CEO; and
- The Board Committee Terms of Reference.

The Board will evaluate this document on an at least annual basis in line with regulatory and statutory requirements and corporate governance best practice.

The Board has the following matters reserved to it:

Items marked ** may not be delegated by the STW Board.

Items marked \$ require the STW Board to report to the Plc Board.

Items marked # require prior consultation with the Plc Board.

1		AUTHORITY
1.1	**	Approval of Terms of Reference of any Board Committees.
1.2	**	Undertaking a formal and rigorous review, on an annual basis, of its own performance and that of individual Directors.
2		STRATEGY AND MANAGEMENT
2.1	** \$	Responsibility for the overall leadership of the Company, including setting, regularly reviewing and monitoring the Company's purpose, values, strategy, policies and standards, and satisfying itself that these and the Company's culture are aligned.
2.2	** \$	Ensuring observance of all matters required by the Company's Instrument of Appointment.

2.3		<p>Oversight of the Company's operations ensuring:</p> <ul style="list-style-type: none"> • Competent and prudent management; • Sound planning; • Maintenance of sound management and internal control systems; • Adequate accounting and other records; and <p>Compliance with statutory and regulatory obligations to enable it to secure the carrying out of its regulated activities including the investment programme.</p>
2.4	\$	Review of the Company's Outcome Delivery Incentives performance at every meeting.
2.5		Review of performance in the light of the Company's strategy, objectives, business plans and budgets and ensuring that any necessary action is taken.
2.6	\$	Submissions to Ofwat (The Water Services Regulation Authority), the Environment Agency, the Competition and Markets Authority and similar agencies and bodies.
2.7	** \$	Obtain from Severn Trent Plc and make available to Ofwat written undertakings to comply with the Instrument of Appointment.
2.8		Procedure for Directors in the furtherance of their duties to take independent advice, at the Company's expense.
3		FINANCIAL REPORTING AND CONTROLS
3.1		The keeping of proper accounting records.
3.2	** \$	<p>Approval of the financial statements of:</p> <ul style="list-style-type: none"> • the Company; and • the consolidated businesses.
3.3	** \$	Approval of the Annual Report and Accounts, including the Directors' Report, and statements required by the Company's Instrument of Appointment.
3.4	** \$	Approval of the Annual Performance Report and any statements required by the Company's Instrument of Appointment.
3.5	** \$	Approval of the dividend policy, ensuring it complies with the Company's Instrument of Appointment.
3.6	** \$	Declaration of the interim dividend and recommendation of the final dividend.
3.7	\$	Changes to the Regulated Scheme of Charges.
4		INTERNAL CONTROL
4.1	\$	<p>In conjunction with the Audit and Risk Committee where appropriate, establish and maintain the effectiveness of formal and transparent policies and 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, including:</p> <ul style="list-style-type: none"> • Approving the Company's risk appetite statements;

		<ul style="list-style-type: none"> • Carrying out a robust assessment of the Company's emerging and principal risks; • Monitoring the Company's risk management and internal control systems, and annually reviewing and reporting on the effectiveness of these systems to support its strategy and objectives; • Ensuring the independence and effectiveness of the internal and external audit functions and satisfying itself on the integrity of the financial and narrative statements; • Routinely reviewing the Company's arrangements for its workforce to raise concerns, in confidence and anonymously; reviewing any reports arising from such arrangements and ensuring that such arrangements allow proportionate and independent investigation of such matters and follow-up action; • Considering matters relating to whistleblowing, including receiving reports on whistleblowing matters, including material instances of disclosure; • Approving procedures for the detection of fraud and the prevention of bribery and corruption; • Undertaking an annual assessment of these processes; and • Approving appropriate statements for inclusion in the Annual Report and Accounts.
5		CONTRACTS / TRANSACTIONAL APPROVALS
5.1	** \$	Approval of revenue and capital expenditure, bid submissions and the acquisition or disposal of land, property or other capital assets where the cost or consideration exceeds the respective amounts in the delegated levels of authority (Group Authorisation Arrangements (the 'GAA')).
5.2	** \$	Notwithstanding the delegated approvals contained in the GAA, the approval of any project which materially increases the Company's risk profile and/or which involves any obligations, restrictions or liabilities of an unusual, onerous or exceptional nature not in the ordinary course of the Company's business.
5.3	** \$	The approval of any investment, or the acquisition of any asset or business by the Company or any of its subsidiaries which would involve the commencement of an activity of a substantially different nature or character to any activity from time to time carried on by the Company or any of its subsidiaries (no matter what its value).
5.4	** \$	Guarantees and Loans to/on behalf of associated businesses have Ofwat approval.
5.5	\$	Matters likely to impact on reputation including (without limitation) fluoridation policy issues, major operational issues (e.g., temporary usage ban), prosecutions by EA, DWI or similar, significant litigation, possible regulatory and enforcement action.
6		COMMUNICATIONS
6.1	\$ #	Ensuring effective engagement with, and participation from, shareholders and wider stakeholders based on the mutual understanding of objectives and review of engagement mechanisms with such parties. Understand and listen to the views of employees from all levels of the organisation.

6.2	\$	Approval of resolutions and corresponding documentation to be put forward to shareholders at a general meeting, if applicable.
6.3	**	Delivery of financial and other material statements to Ofwat (including land disposal certificates).
6.4	**	Approval of press releases concerning matters decided by the Board.
7		BOARD MEMBERSHIP AND OTHER APPOINTMENTS
7.1	** \$ #	Changes to the structure, size and composition of the Board, including appointments and removals, together with the notification of such events to Ofwat.
7.2	** \$ #	Ensuring adequate succession planning, and oversight of a diverse pipeline, for the Directors and other senior executives of the Company so as to maintain an appropriate balance of skills, experience, independence, knowledge and diversity within the Company and on the Board in consideration of the Company's future requirements to ensure the continued ability of the Company to compete effectively in the marketplace. Selection and appointment of executive search firms, in line with the provisions of the Board Diversity Policy.
7.3	** \$ #	Appointments to the Board following recommendations by the Nominations Committee and oversight of tailored induction programmes for new Directors.
7.4	** \$ #	The approval of additional external appointments of members of the Board
7.5	** \$ #	Identifying and managing conflicts of interest, including those resulting from appointments to the Board of other companies, and ensuring that the influence of third parties does not compromise or override independent judgment. Authorising conflicts of interest where permitted by the Company's articles of association.
7.6	** \$ #	Selection of the Chair of the Board and the Chief Executive following recommendations by the Nominations Committee.
7.7	\$ #	Appointment of the Senior Independent Director to provide a sounding board for the Chair and to serve as an intermediary for the other Directors when necessary.
7.8		Membership and Chairship of Board Committees following recommendations from the Nominations Committee.
7.9	\$ #	Assessment of which Directors are independent.
7.10	\$ #	Recommendation of the continuation in office of Directors at the end of their term of office. Consideration of the continuation in office of any Director at any time, including the suspension or termination of service of an Executive Director as an employee of the Company, subject to the law and their service contract.
7.11	\$ #	Removal of any Director, including the suspension or termination of service of an Executive Director as an employee of the group, subject to the law and their service contract.
7.12	** \$ #	Appointment or removal of the Company Secretary.
8		DELEGATION OF AUTHORITY
8.1	** \$ #	The division of responsibilities between the Chair, the Chief Executive and other Executive Directors, which should be clearly established, set out in writing and agreed by the Board.

8.2	** \$ #	Approval of the GAA, including the Chief Executive's authority limits (which must be in writing).
8.3	** \$ #	Establishing Board Committees, and approving their terms of reference and approving material changes thereto.
8.4		Receiving reports from Board Committees on their activities.
9		CORPORATE GOVERNANCE MATTERS
9.1	\$ #	Undertaking a formal, rigorous and transparent annual review of its own performance, that of its Committees, the Chair and individual Directors, and the division of responsibilities.
9.2	\$ #	Determining the independence of Non-Executive Directors in light of their character, judgment and relationships.
9.3	\$ #	Review of the Company's overall corporate governance arrangements.
9.4	\$ #	Receiving reports on the views, perspectives and interests of the Company's stakeholders to ensure that they are communicated to the Board as a whole to inform decision making.
10		POLICIES
10.1		Approval of Company policies.
11		OTHER
11.1	\$ #	The making of political donations within the limits imposed by the 2006 Companies Act.
11.2	** \$ #	Approval of the appointment of the Company's principal professional advisers.
11.3	\$ #	Prosecution, commencement, defence or settlement of litigation, or an alternative dispute resolution mechanism involving above £25m or being otherwise material to the interests of the Company.
11.4	#	Major changes to the rules of the Company's pension scheme, or major changes in the funding arrangements.
11.5	#	Authorising interest rate, inflation rate and equity risk management in respect of the Company's pension schemes.
11.6		Any decision likely to have a material impact on the Company from any perspective, including, but not limited to, financial, operational, strategic or reputational.

It is appropriate for emergency procedures to be drawn up to deal with matters urgently, such as video or telephone conference call. In such cases it is desirable that as many Directors as possible participate. All relevant papers should be sent to all Directors and those unable to participate invited to share their views with the Chair or Company Secretary.

By Order of the Board
Hannah Woodall-Pagan
Group Company Secretary
14 March 2024