

Severn Trent Plc (the “Company”) Corporate Sustainability Committee Terms of Reference

Approved by the Board on 16 March 2023

1. Constitution

The Board of Directors (the "Board") has established a Committee of the Board, by resolution of the Board, henceforth known as the Corporate Sustainability Committee (the "Committee").

2. Membership

- (a) The Committee shall consist of a minimum of three members. Members of the Committee shall be appointed by the Board, by resolution of the Board. All members of the Committee shall be Independent Non-Executive Directors of the Company.
- (b) Only members of the Committee have the right to attend Committee meetings. Other Executive and Non-Executive Directors, 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.
- (c) Appointments to the Committee shall be for an initial period of three years. The period of office may be extended for such duration as may be determined by the Board, as long as the member continues to be an independent Non-Executive Director.
- (d) The Board shall appoint an independent Non-Executive Director to be the Committee Chair, following consultation with the Nominations Committee. In the absence of the Committee Chair and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.
- (e) The Chair and Committee members shall be listed on the Company's website and each year in the Company's Annual Report and Accounts.

3. Secretary

The Company Secretary or his or her nominee shall act as the Secretary to the Committee.

4. Quorum

- (a) The quorum necessary for the transaction of business by the Committee will be two members, one of whom shall be the Chair of the Committee or his or her appointed deputy.
- (b) 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 independent Non-

Executive Director(s) to attend such meeting in consultation with the Chair of the Committee to act as that member's alternate provided that such director meets the criteria for membership of the Committee.

5. Frequency of Meetings

Meetings shall be held at least four times per year, and at any other time as the Committee's role and responsibilities require, and otherwise as the Chair of the Committee shall require.

6. Notice of Meetings

- (a) Meetings of the Committee shall be called by the Secretary of the Committee at the request of any of its members.
- (b) Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, any other person required to attend and all other Non-Executive Directors, no later than five working days before the date of the meeting, unless agreed otherwise in advance. Supporting papers shall be sent to Committee members, and to other attendees as appropriate, at the same time to enable proper consideration of matters by the Committee.
- (c) Members may participate in a meeting by means of telephone, video conferencing facility or other suitable communication equipment.

7. Minutes of Meetings

- (a) The Secretary shall minute the proceedings and decisions of all meetings of the Committee, including recording the names of those present and in attendance and the existence of any conflicts of interest.
- (b) Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee after a meeting. Once approved, minutes should be circulated to all other members of the Board and attendees unless the Committee Chair considers that it would be inappropriate to do so.

8. Duties

The Committee shall carry out the duties below in respect of the Company, its major operating subsidiaries and the Group as a whole, as appropriate. In carrying out these duties, the members of the Committee must comply with their duty under section 172 of the Companies Act 2006 to act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, whilst having regard to the interests of employees, stakeholders and other matters as required by section 172.

The key roles and responsibilities of the Committee include:

- (a) receiving and reviewing regular business updates and reports across the Group on performance against the Group's Sustainability Strategy including performance against sustainability targets and ambitions;

- (b) reviewing and monitoring of the implementation and execution of the Group's Sustainability Framework (the 'Sustainability Framework'), such review to include providing a forum for those implementing the Sustainability framework to test ideas and support them in implementing any changes needed to deliver the Sustainability Framework;
- (c) advising the Severn Trent Remuneration Committee on the Group's performance against sustainability metrics and on the setting of sustainability-related targets;
- (d) understanding and regularly reviewing the opportunities and challenges presented by ESG-related risks, (including our ERM related climate risks such as adaptation and mitigation) of relevance to the Group and associated impacts for the Group's stakeholders such as investors, customers, regulators and employees, and the effectiveness of the Group's Sustainability Strategy in addressing these;
- (e) overseeing the Group's sustainability disclosures on behalf of the Board and providing information and advice to support the Board and Audit and Risk Committee in relation to those disclosures, as required;
- (f) overseeing the Group's approach to material disclosures relating to sustainability and ensuring a good dialogue with Severn Trent Plc's shareholders on sustainability matters is maintained;
- (g) reviewing the extent and effectiveness of the Group's external reporting of sustainability performance;
- (h) monitoring developments and emerging best practice in approaches to sustainability and providing insights against the Group's strategy
- (i) ensuring that the Committee and the Board are kept up to date of any regulatory changes in relation to sustainability which have potential to impact the business of the Group and its Sustainability Strategy and implementation of the Sustainability Strategy;

The Committee shall consider and recommend to the Board:

- (i) the approval of Doing the Right Thing, the Severn Trent Way (Code of Ethics) and the Group Policies that underpin the Code of Ethics.
- (ii) the Group's overall approach to and implementation of sustainability and ensure it is in alignment with the Group Overarching Corporate Strategy and, if appropriate, recommend amendments to the above policies to the Board;
- (iii) review and recommend to the Board Corporate Sustainability targets and key performance indicators and receive and review reports on progress towards the achievement of such targets and indicators;
- (iv) consider matters linked to the Group's Corporate Sustainability Strategy and reputational matters linked to policies, pledges and commitments made including Modern Slavery, the Severn Trent Community Fund and the our Net Zero commitments; and
- (v) whatever it deems appropriate on any area within its remit where action or improvement is needed.

To ensure:

- (i) the continuous review of the Code of Ethics and its associated Group policies, with particular focus on those policies concerning the provision of a healthy and safe working environment for employees and contractors, the support of employees' wellbeing, the Group's values and human rights;
- (ii) the creation of environmental standards, particularly those that relate to the activities where Severn Trent 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;
- (iii) the promotion of socially responsible values and standards that relate to the social and economic community in which the Company operates, in accordance with the Company's Corporate Sustainability Strategy. 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; and
- (iv) the overseeing of any evaluation of activities within its terms of reference.

9. Reporting Responsibilities

- (a) The Committee Chair shall report orally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities and shall also report on how it has discharged its responsibilities.
- (b) The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- (c) The Committee Chair shall approve the section of the annual report which deals with the activities of the Committee and any material corporate sustainability disclosures either within the annual report or published separately.
- (d) The Committee Chair shall attend the Annual General Meeting and shall answer questions, through the Chair of the Board, on the Committee's activities and responsibilities.

10. Other Matters

The Committee shall:

- (a) have access to sufficient resources in order to carry out its duties, including access to the Company Secretariat for assistance as required;
- (b) be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members;
- (c) give due consideration to laws and regulations;
- (d) oversee any investigation of activities which are within its terms of reference; and

- (e) arrange for periodic reviews of its own performance, and, at least annually, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

11. Authority

The Committee is authorised:

- (a) to seek any information it requires from any employee of the Company in order to perform its duties;
- (b) to obtain, at the Company's expense, outside legal or other professional advice on any matter within its terms of reference. In this regard any Board policy document concerning the securing of such advice shall be adhered to by the Committee:
 - (i) the Committee is exclusively responsible for establishing the selection criteria for such advisors and their appointment and terms of reference; and
 - (ii) the appointment and performance of such advisors shall be reviewed by the Committee on a regular basis and at least annually;
- (c) to call any employee to be questioned at a meeting of the Committee as and when required; and
- (d) to have the right to publish in the Company's Annual Report details of any issues that cannot be resolved between the Committee and the Board.