

# Severn Trent Group Board Diversity Policy

## Statement 2019

### 1. Purpose

This Board Diversity Policy sets out the approach to diversity on the Board of Directors (the “Board”) of Severn Trent Plc, Severn Trent Water Limited and Hafren Dyfrdwy Cyfyngedig.

### 2. Policy Statement

Severn Trent supports and recognises the importance and benefits of greater diversity, including gender diversity, social and ethnic background and cognitive and personal strengths, throughout its organisation, including that of the Severn Trent Plc, Severn Trent Water Limited and Hafren Dyfrdwy Cyfyngedig Boards.

A diverse organisation, underpinned by meritocracy, will value and benefit from differences in all kinds of experience, social and ethnic background, sexual orientation, religion, belief, age, gender, culture and personality, as well as cognitive and personal strengths.

The selection of candidates to join the Boards will continue to be made based on merit and the individual’s ability to contribute to the effectiveness of the Boards, which in turn will be dependent on the pool of candidates available. In terms of female representation, currently 37.5% of the Severn Trent Plc Board is female and 40% of the Executive Committee is female. Severn Trent will continue to develop a strong pipeline of diverse candidates for Board roles and for its Executive Committee.

### 3. Objectives

- The Board will ensure it is made up of an appropriate balance of skills, experience and knowledge required to effectively oversee and support the management of the company;
- Consideration will be given to candidates for Non-Executive Director Board appointments from a wide pool, including those with no listed company Board level experience;
- Board appointment ‘long lists’ will be inclusive according to the widest definition of diversity;
- The Board and Nominations Committee will only engage executive search firms who have signed up to the voluntary Code of Conduct on diversity and best practice; and
- Focus will be given to the development of a pipeline of diverse high calibre candidates for Board and Executive Committee level roles.

#### **4. Review and Responsibilities**

The Nominations Committee reviews the Boards' effectiveness and composition each year and, in particular, considers the balance of skills, experience and independence of the Boards. It also considers the benefits of all aspects of diversity, but without compromise as to the calibre of Directors, when identifying candidates for appointment.

The Nominations Committee will:

- Continue to monitor regulatory developments and best practice in respect of diversity;
- Continue to monitor the effectiveness of the Board, including its diversity; and
- Adhere to this Policy when reviewing existing Board composition and whilst recruiting to the Boards.

#### **5. Monitoring and Reporting**

- As required under the 2018 UK Corporate Governance Code, we will report annually on Board diversity within the Nominations Committee Report in the Severn Trent Group Plc Annual Report and Accounts. Reporting will include details on the Company's Policy on diversity and inclusion, its objectives and linkage to company strategy, how the Policy has been implemented and progress on achieving the objectives;
- Report annually on the outcome of the Board evaluation, the composition and structure of the Board as well as any issues and challenges the Board is facing when considering the diverse make-up of the Company;
- Report annually against objectives and other initiatives taking place within the Company which promote diversity; and
- This Policy will be available on the Company's website.

#### **6. Review of the Policy**

The Nominations Committee will keep this Policy under review to ensure its effectiveness and alignment with best practice and the requirements of the 2018 UK Corporate Governance Code and any other relevant legislation. The Policy will be reviewed annually with any proposed changes recommended to the Board.