

# Severn Trent Plc (the “Company”)

## Treasury Committee

### Terms of Reference

Approved by the Board on 18 March 2022

#### 1. Constitution

The Board of Directors of Severn Trent Plc and Severn Trent Water Limited (together the “Boards”) has established a Committee of the Boards, by resolution of the Boards, henceforth known as the Treasury Committee (the “Committee”). The Committee has responsibility for the matters listed below for Severn Trent Plc, Severn Trent Water Limited and all their subsidiaries (the “Group”).

#### 2. Membership

The membership of the Committee is as follows:

- The Committee shall comprise at least three members. All members of the Committee shall be Independent Non-Executive Directors of the Company appointed by the Board, on the recommendation of the Nominations Committee in consultation with the Chair of the Committee, in accordance with the Company’s articles of association.
- 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, so long as the member continues to be an Independent Non-Executive Director.
- The Board shall appoint one of the Committee members to be the Committee Chair on the recommendation of 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.

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 of the Committee.

#### 4. Quorum

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.

In the event that a meeting of the Committee is required but a quorum might not be secured, the Chair or his or her appointed deputy shall be empowered to appoint another Non-Executive Director to attend such meeting to act as that member's alternate.

#### **5. Frequency of Meetings**

Meetings shall be held at least four times per year, and also at such other times as the Chair of the Committee shall require.

#### **6. Notice of Meetings**

Meetings of the Committee shall be called by the Secretary of the Committee at the request of any of its members.

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 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.

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

#### **7. Minutes of Meetings**

The Secretary shall minute the proceedings and decisions of all meetings of the Committee, including recording the names of those present and in attendance.

Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee. Once approved, minutes should be circulated to all other members of the Board.

#### **8. Annual General Meeting**

The Chair of the Committee shall attend the Annual General Meeting of Severn Trent Plc and be prepared to respond to any shareholder questions on the Committee's activities.

#### **9. Duties**

The Committee should 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 Committee will present to the Boards, on at least an annual basis, the Group Treasury Policy Statements (the "Policy"), for approval. Upon approval the Committee will have delegated authority to exercise the powers listed in the Policy and to monitor Policy compliance.

- The Committee shall provide oversight of Treasury activities in implementing the policies approved by the Boards or the Committee.
- The Committee will present annually to the Boards, before the commencement of the financial year, the proposed Funding and Treasury Risk Management Plan (“the Plan”) for the year. Upon approval by the Boards, the Committee will have oversight of the execution of the Plan by executive management.
- The Committee shall consider and as appropriate approve, or where it considers appropriate, propose to the Boards for the Boards' approval, revisions to the Plan, in relation to inter alia:
  - A. Interest rate and inflation risk. In particular the monitoring of the impact of changes in forecast interest rates and inflation on Group earnings.
  - B. Funding strategy.
  - C. Financial institution credit exposure.
  - D. Foreign currency risk.
  - E. General hedging activity.
  - F. General financial market movements.
  - G. Liquidity risk.
  - H. Access to debt market risk.
  - I. Treasury internal controls.

#### **10. Delegated Powers of the Treasury Committee**

The Boards shall delegate powers to the Treasury Committee including, but not limited to:

- The appointment of relationship banks, including but not limited to, money transmission, hedging, lending and cash management.
- Authorisation of the opening and closing of bank accounts.
- Entering into borrowing, leasing, bonding and other facilities.
- Approving Parent Company Guarantees, Counter Indemnities and Comfort Letters.
- Authorise entering into hedging transactions and cancellations covering interest rate, inflation, currency and energy exposures.
- Authorising interest rate, inflation rate and equity risk management in respect of the Group's pension schemes.
- Approving liability management exercises in relation to the existing funding book.
- Authorising the origination of inter-company loans.
- Implementing the Treasury Policy Statements on at least an annual basis.
- Authorising the granting of security or charges over assets.
- The further delegation of the above powers to members of the Committee.

## **11. Reporting Responsibilities**

The Committee Chair shall report to the Boards on its proceedings after each meeting on all matters within its duties and responsibilities.

The Committee shall make whatever recommendations to the Boards it deems appropriate on any area within its remit where action or improvement is needed.

The Committee shall approve the section in the Severn Trent Plc Annual Report which deals with the activities of the Committee.

## **12. Other Matters**

The Committee shall:

- Appoint external advisors as required.
- Have access to sufficient resources in order to carry out its duties, including access to the Company Secretariat for assistance as required.
- 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.
- Give due consideration to laws and regulations, the provisions of the Code and the requirements of the UK Listing Authority's Listing, Prospectus and Disclosure and Transparency Rules and any other applicable rules, as appropriate.
- 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 Boards for approval.
- The Committee shall delegate its powers to members of the Committee as required.