

Severn Trent Group Board Diversity Policy 2022

1. Purpose

This Board Diversity Policy (the “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 to ensure that diversity, in its broadest sense, remains a central feature of the Boards.

Our employees are fundamental to fulfilling our purpose to “take care of one of life’s essentials” through demonstrating our values – Showing Care; Taking Pride; Having Courage; and Embracing Curiosity – which are reflected in the Group’s Code of Conduct, Doing the Right Thing.

Severn Trent is an equal opportunities employer and has a number of policies and working groups in place to support an inclusive environment where everyone can feel comfortable to bring their whole self to work. We strive to attract individuals from all backgrounds in order to benefit from the diversity of skills, experiences, gender, ethnicity and other distinctions of our employees.

This Policy is owned and supported by the Severn Trent Plc Board and forms a key component of the culture at Severn Trent that will support the long-term sustainable success of our business.

2. Policy Statement

Severn Trent supports and recognises the importance and benefits of greater diversity, including in relation to gender, social and ethnic backgrounds and cognitive and personal strengths, throughout its organisation, including that of the Severn Trent Plc, Severn Trent Water Limited and Hafren Dyfrdwy Cyfyngedig Boards. This diversity provides a mix of perspectives which we believe contributes to more effective decision making.

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. All appointments and succession plans will promote diversity of gender, social and ethnic backgrounds and cognitive and personal strengths.

Severn Trent will continue to develop a strong pipeline of diverse candidates for Board roles and for its Executive Committee and will ensure it is made up of an appropriate balance of skills, experience and knowledge required to effectively oversee the management of the Group in delivery of its strategy.

3. Our Targets and Objectives

The Board is committed to promoting diversity and inclusion in the boardroom, ensuring all are able to contribute to Board discussions, and aims to meet industry targets and recommendations wherever possible. This includes exceeding the diversity targets recommended by the FTSE Women

Leaders Review (and previously the Hampton-Alexander Review) and Parker Review, with Group targets as follows:

- Maintain at least 40% female Directors on the Board over the short to medium term; and
- Maintain at least 10% Directors from a minority ethnic background on the Board over the short to medium term.

Additionally, in accordance with the recommendation from the FTSE Women Leaders Review, Severn Trent Plc, as a FTSE 350 company, will aim to sustain its performance of appointing women to the most senior Board and Executive roles, with the following targets:

- Maintain at least one female in the Chair and Senior Independent Director roles on the Board; and/or
- Maintain at least one female in the Chief Executive and Chief Financial Officer roles in the Company.

The Board is also committed to:

- Ensuring that the Board comprises individuals with a good balance of skills, experience, knowledge, perspective and varied backgrounds;
- Only engaging search firms who are signed up to the Voluntary Code of Conduct for Executive Search Firms;
- Considering candidates for Non-Executive Director Board appointments from a wide pool, including those with no listed company Board level experience; and
- Reporting annually on the diversity of the executive pipeline as well as the diversity of the Board.

Progress against these targets and objectives will be reported in the Severn Trent Plc Annual Report and Accounts with a description of how we are promoting diversity on the Board and within the Group.

We also measure the inclusiveness of our workplace in our annual employee engagement survey ('Quest'). This approach enables Board consideration of the organisation's culture and behaviours that underpin the outcomes.

4. Review and Responsibilities

The Nominations Committee supports the Board in applying this Policy by regularly reviewing the Board's effectiveness and composition each year and, in particular, considering the balance of skills, experience and independence of the Board ahead of making recommendations to the Board for any proposed changes. 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 Board and Nominations Committee will adhere to this Policy when reviewing existing Board composition and whilst recruiting to the Board.

Recruitment Process

The Nominations Committee will:

- Only engage executive search firms who have signed up to the Voluntary Code of Conduct for Executive Search Firms;
- Consider candidates for Non-Executive Director Board appointments from a wide pool, including those with no listed company Board level experience;
- Ensure that Board appointment 'long lists' will be inclusive according to the widest definition of diversity; and
- Focus on the development of a pipeline of diverse high calibre candidates for Board and Executive Committee level roles.

Succession Planning

The Nominations Committee oversees and ensures, where possible, the development of a diverse pipeline for succession and considers whether to recommend to the Boards the appointment and reappointment of Directors. In carrying out these responsibilities, the Nominations Committee shall have regard to this Policy and the composition, skills requirements and diversity of the Boards at that time to ensure that the Boards continue to discharge their duties and responsibilities effectively.

Board Evaluation

The respective Chair and Board will ensure that the annual evaluation of the Board's effectiveness considers the composition and diversity of the Board.

5. Review of the Policy

The Board and 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 Severn Trent Plc Board.

This Policy will be available on the Severn Trent Plc website.