

26 May 2016



Strictly Personal and Confidential

Mr Kevin Beeston

Severn Trent Centre
2 St John's Street
Coventry
CV1 2LZ

Dear Kevin,

Appointment as Senior Independent Non-Executive Director of Severn Trent Plc and Severn Trent Water Limited ("Severn Trent")

On behalf of Severn Trent, I am writing to confirm the terms of your appointment as Non-Executive Director of the Boards of Severn Trent Plc and Severn Trent Water Limited (the "Board") with effect from 1 June 2016, and your subsequent appointment as Senior Independent Non-Executive Director of the Board with effect from 20 July 2016, upon Martin Lamb's retirement (the "Appointment").

Appointment and Term of Office

Your Appointment will have to be confirmed by the shareholders of Severn Trent Plc at the next Annual General Meeting ("AGM") on 20 July 2016 and will be subject to the provisions of the articles of association of Severn Trent Plc (the "Articles") for the time being in force and to any necessary resolutions of shareholders. It is agreed that this is a contract for services and not a contract of employment.

The Appointment is for an initial three year term. This may be extended for up to a further three year term by mutual agreement. As you will be aware, in compliance with the UK Corporate Governance Code, it is regarded as best practice that each Director is submitted for reappointment by shareholders at each AGM. This is stipulated by the Articles and will apply to you. Subsequent continuation of your Appointment is therefore conditional on satisfactory performance and re-election at AGMs.

At any time during the term of your Appointment you may cease to hold office as a Director:

- if at any time you resign by written notice. It is desirable that you give the Chairman a reasonable period of notice of your intention to resign or not to seek re-election where possible so that he can plan for succession of skills and experience on the Board; and
- in accordance with the law or Articles of Severn Trent Plc. Shareholders are entitled to change the Articles at any time.

On Appointment you will become a member of the Audit Committee, the Nominations Committee and the Remuneration Committee. The Board may from time to time request you to participate in other Board Committees, subject to your agreement.

Role duties

As the Senior Independent Non-Executive Director there are certain expectations that apply to this role, as set out in the attached Charter of Expectations, including:

- provide a sounding board for the Chairman and provide support for the Chairman in the delivery of his objectives;
- serve as a trusted intermediary for the Directors when necessary;
- be available to shareholders if they have concerns relating to matters which contact through the normal channels of Chairman, CEO or Chief Financial Officer has failed to resolve, or for which such contact is inappropriate;
- maintain contact as required with major shareholders to understand their issues and concerns, including attending meetings where necessary with shareholders to listen to their views in order to help develop a balanced understanding of the issues and concerns of major shareholders;
- support the Chairman in ensuring the Board are aware of the views of major shareholders and especially that any concerns are conveyed to all Directors (unless a Director is the source of the concern);
- meet with Non-Executive Directors without the Chairman present at least annually and taking into account, the views of the Executive Directors, lead the Non-Executive Directors in the ongoing monitoring and annual evaluation of the performance of the Chairman, including communicating the results of such; and
- together with the Nominations Committee, take responsibility for an orderly succession process for the role of Chairman and ensure that appropriate succession planning procedures are in place in relation to Board succession in general.

The Charter of Expectations also describes the other requirements of your role as Non-Executive Director.

Time commitment

You are aware that the nature of the role makes it impossible to be specific about the time commitment required. The Board expects you to commit sufficient time to allow you to meet your obligations to the Company. This will include travel to, and attendance at, scheduled and emergency Board meetings, meetings of any Committee to which you are appointed, and the AGM of Severn Trent Plc. In addition, you will be expected to devote appropriate preparation time ahead of each meeting.

As set out in the Charter of Expectations, it is anticipated that your duties as a Senior Independent Non-Executive Director of the Board will involve a commitment of approximately 20 days in each year. Currently, this would typically comprise attendance at:

- ten scheduled Board meetings, at our Corporate Head Office in Coventry or our London office in Jermyn Street and off site;
- Board dinners;
- an offsite Strategy Day meeting;
- the Severn Trent Plc AGM;
- site visits;
- meetings of the Non-Executive Directors;
- meetings with shareholders;
- meetings as part of the Board evaluation process; and
- Board Committee meetings which occur outwith those days set aside for Board meetings.

A rolling schedule of Board and Committee meetings is available at any time from me. A copy of the 2016 and 2017 schedules have already been provided to you.

By accepting this Appointment, you confirm that you are able to allocate sufficient time to meet these expectations. Personal attendance will be required at Board meetings and Board Committee meetings unless agreed otherwise in advance with the Chairman. You should consult with the Chairman before you accept any additional commitments (including other Board appointments) which may conflict with, or impact upon, the time you are able to devote to your role as the Senior Independent Non-Executive Director of the Board. Your appropriate commitment of time to the affairs of the Severn Trent Group will be one of the issues addressed in performance reviews.

Technology

By consenting to become a Director, you consent to the use of video, telephone, electronic mail, any other technology which permits each Director to communicate with every other Director, or any combination of these technologies for the purpose of calling and holding Directors' meetings.

Independence and other interests

Subject to the potential conflict of interest arising from your Chairmanship of Equiniti plc, which will be formally authorised at the 20 May Board, you have confirmed to the Chairman that you regard yourself as an Independent Director. If your circumstances change in any way which may affect your status as an Independent Director, you must immediately disclose this to the Board.

You may have business interests other than those of the Severn Trent Group. Disclosure of such interests is a continuing obligation. If your circumstances change, and you acquire any office or property which may conflict with your office as a Director of the Board, then you must disclose its character and extent at the next meeting of the Board(s). This should be done in writing. You may wish to consult with me, or the Chairman, as soon as you become aware of any potential conflict.

You should be aware that under the law and the Articles you will generally not be entitled to attend any part of a Board meeting, or to vote, on any matter in which you have a material personal interest unless the other Directors unanimously decide otherwise. Any material interests are required to be disclosed in the annual report and the accounts under the United Kingdom Companies Act and the Listing Rules of the UK Listing Authority.

Overboarding

Please note that recent ISS Proxy Voting Guidance introduces advisory limits on the number of Board appointments held at publicly listed companies:

- Executive Directors should not hold other executive or chairmanship positions, though they may hold up to two other Non-Executive directorships.
- A Board Chairman should not hold an executive position elsewhere, or more than one other chairmanship position, but may hold up to three other Non-Executive directorships.
- A Non-Executive Director who does not hold executive or chairmanship positions may hold up to four other Non-Executive Directorships.

Whilst you do not currently breach any of these guidelines, please note that to do so in future may result in a recommended Vote Against individual Directors. The guidance states that the policy will not result in a Vote Against recommendation at a company where the Director serves as Chief Executive or Chairman, but may result in a Vote Against recommendation in other companies which they serve.

Remuneration and expenses

You will be paid an annual fee of £62,400 for your duties as Senior Independent Non-Executive Director. Fees are payable monthly and will be deposited into your bank account. The Board may from time to time request you to participate in other Board Committees, subject to your agreement.

Directors may, in addition, receive a fee for devoting special attention to the business of the Severn Trent Group which is outside the scope of ordinary duties.

You are entitled to be paid other expenses you properly incur concerning Severn Trent's affairs. Except for expenses associated with travelling, you should obtain the approval of the Chairman for the expense before you incur it. Please find attached a copy of the Company's Travel and Expenses Policy and a proforma Director's Expense Claim form.

You will not be entitled to a retirement allowance or pension.

Continuous improvement and Directors' appraisal

Severn Trent believes that progressive organisations appreciate the challenge of operating in today's business environment. You agree that you will participate in:

- continuous improvement programs from time to time determined by the Board as being appropriate for Directors, at the expense of Severn Trent and whether or not those programs are offered by Severn Trent; and
- participate in processes of internal and external review of Director, Board and Committee effectiveness as may be determined to be appropriate by the Board from time to time. You acknowledge that such processes may result in positive or negative recommendations in relation to your candidacy for reappointment to the Board.

If there are any issues which cause you concern about the Board or your individual performance, or the performance of any Committee, you should feel free to raise them with the Chairman at any time.

Induction

A link to your online induction material will be sent by separate email.

Independent advice

You may seek independent professional advice, at the expense of Severn Trent, on any matter connected with the discharge of your responsibilities with my prior approval. Copies of this advice must be made available to, and for the benefit of, all Board members, unless the Chairman otherwise agrees.

Insurance Arrangements and Deed of Indemnity

I enclose a summary of our Directors' and Officers' Insurance arrangements together with a Deed of Indemnity in your favour. Please return the duplicate copy to me, duly endorsed.

Policies

Severn Trent has developed a range of policies which govern conduct of the Directors and employees and set out the processes, values and standards of the Severn Trent Group in dealing with all stakeholders. You should familiarise yourself with them. You may access them from the website at www.severntrent.com and they will be included in your induction material. You acknowledge that your compliance with these policies will be an aspect of any assessment of your performance as a Director of the Board.

Please note that under current policies you are required to obtain the consent of the Chairman before dealing in securities of Severn Trent and there are designated prohibited periods for dealing. This information is set out in the Share Dealing Code Standard which is enclosed. By accepting this Appointment, you agree to be bound by the provisions of the Share Dealing Policy, a copy of which is also enclosed. Please also note that we are in the process of reviewing these to take into account the Market Abuse regulatory changes expected to come into force in July 2016.

I also draw your attention to both legislation and Severn Trent policy prohibiting disclosure or use of price sensitive information.

Company Secretary

I am the Company Secretary. All Directors have access to my advice and services.

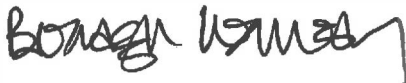
Confidentiality

All information obtained during your Appointment is confidential to Severn Trent and should not be released; either during your Appointment or following termination (by whatever means) to third parties without prior clearance from the Chairman, or as required by law.

Documents to be returned

We look forward to welcoming you to the Board. Please feel free to contact me if you have any queries in relation to the above. Finally, I would be grateful if you could please sign and return the duplicate copy of this letter together with a copy of your passport and the duplicate copy of your Deed of Indemnity in the enclosed self addressed envelope marked for my attention.

Yours sincerely



Bronagh Kennedy
General Counsel and Company Secretary

Acknowledgment

Signature

31/5/16
Date