

# Severn Trent Plc (the “Company”)

## Corporate Responsibility Committee

### Terms of Reference

Approved by the Board on 22 March 2019

#### 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 Responsibility 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, with the exception of the Chief Executive.

- (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, so 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.

### **(a) To consider and recommend to the Board:**

- (i) the approval of Group Policies, to include:
  - Doing the right thing, the Severn Trent Way (Code of Conduct)
  - Customer Policy
  - Group Commercial Policy
  - Group Competition and Competitive Information Policy
  - Group Data Protection Policy
  - Group Environment Policy
  - Group Financial Crime Policy
  - Group Health, Safety and Well-being Policy
  - Group Human Resources Policy
  - Group Information Management Policy
  - Group Security Policy

Group Social Media Policy

Group Speak Up Policy

Whistleblowing Policy

Group Anti-Bribery and Anti-Fraud Policy

- (ii) the Group's overall approach to corporate responsibility and ensure it is in alignment with the Group Strategy and, if appropriate, recommend amendments to the above policies to the Board;
  - (iii) develop and recommend to the Board Corporate Responsibility targets and key performance indicators and receive and review reports on progress towards the achievement of such targets and indicators;
  - (iv) consider matters relating to whistleblowing, including receiving reports on whistleblowing matters, including material instances of disclosure, at every meeting of the Committee; and
  - (v) whatever it deems appropriate on any area within its remit where action or improvement is needed.
- (b) **To ensure:**
- (i) the continuous review of workplace policies and Code of Conduct, 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 Corporate Responsibility Framework. 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 responsibility 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 Chairman 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.