

SEVERN

TRENT

Severn Trent

Charter of Expectations and Role Profiles

Company Secretariat
Approved by the Board on 24 March 2017

Table of Contents

Introduction from the Chairman		1
Chairman	Role Profile	2
	Charter of Expectations	4
Senior Independent Director	Role Profile	5
	Charter of Expectations	6
Director	Role Profile	7
Non-Executive Director	Charter of Expectations	9
Executive Director	Role Profile	11
	Charter of Expectations	11
Committee Chairmen	Charter of Expectations	12
Audit Committee Chairman	Specific Responsibilities	13
Nominations Committee Chairman	Specific Responsibilities	15
Remuneration Committee Chairman	Specific Responsibilities	16
Board Support and the Company Secretary		17

Introduction

This document sets our role profiles for all of the key positions (including my own) on the Severn Trent Plc and Severn Trent Water Limited Boards (together referred to as the “Board”), and states the expectations that are demanded of each of us. This will be published on our website so that there is complete transparency of the standards we set ourselves for all our stakeholders. The performance of our Board and Board Committees and of each of us individually will be measured against these expectations.

Many of you hold a number of positions on the Board and will therefore be expected to meet the expectations set for each of the roles you hold, as they are crucial to the long-term success of Severn Trent.

Andrew Duff

Role Profile – Chairman

Main Accountabilities

Board Leadership and Management

- Demonstrate ethical leadership and uphold the highest standards of integrity and probity, setting clear expectations concerning the group's culture, values and behaviours.
- Provide leadership of the Board and manage the business of the Board through setting its agenda and taking full account of the issues and the concerns of Board members.
- Ensure that Board agendas are primarily focused on strategy, performance and key value creation issues.
- Ensure that members of the Board receive accurate, timely and high quality supporting information, in particular about the company's performance, to enable the Board to take sound decisions, monitor effectively and provide advice to promote the success of the company.
- Ensure that Board decision-making processes are effective.
- Manage Board process to ensure that sufficient time is allowed for discussion of complex or contentious issues, where appropriate arranging for informal meetings beforehand to enable thorough preparation for the Board's discussion.
- Facilitate and encourage active engagement and appropriate challenge by members of the Board, particularly on matters of risk and strategy or other major proposals; by drawing on Directors' skill, diverse experience, knowledge and where appropriate, independence.
- Ensure that there are no impediments to the Board's effective oversight of risk.
- Build an effective and complementary Board, initiating change and regularly considering succession planning and Board composition, working with the Nominations Committee.
- Foster relationships founded on mutual respect and open communication between non-executive directors and management, both inside and outside the Boardroom.
- Ensure Board Committees are clearly structured with appropriate Terms of Reference.
- Ensure that there is sufficient time at Board meetings for discussion of all major issues considered by Board Committees.

The Chairman will also

- Provide effective leadership for the company, including representing the company and understanding the views of shareholders.
- Establish and develop effective working relationships with management, in particular, developing a relationship of trust with the CEO, providing support and advice, while respecting executive responsibility.
- Consult with the Senior Independent Director on Board matters in accordance with the UK Corporate Governance Code (the UK Code).
- Establish good working relations and open lines of communication with other group Executive Committee members.
- Subject to the provisions of the UK Code, be a member of the Board Remuneration Committee

Board Induction, Evaluation and Development

- Ensure that a properly constructed induction programme is provided for new Directors.
- Consider and address the development needs of individual Directors and the Board as a whole to maintain the necessary depth and breadth of knowledge and skills, and enhance the effectiveness of the Board as a team.
- Lead the Board in the ongoing monitoring and annual evaluation of the performance of the CEO.

- Ensure that the performance of individual Board members, and of the Board and Board Committees as a whole, is evaluated at least once a year.
- Ensure appropriate action plans are put in place and implemented as a result of the Board Evaluation.

Governance

- Keep under review, with the Board, the general progress and long term development of the group.
- Promote the highest standards of corporate governance, seeking compliance with the provisions of the UK Code wherever possible.
- Ensure that the Board is able to discharge its duties and comply with the requirements of statutory/regulatory bodies that affect the functioning and responsibilities of the Board.

Relationship with Shareholders and other Stakeholders

- Maintain effective communication with shareholders and other stakeholders and ensure that members of the Board develop and maintain an understanding of the views of major investors and other key stakeholders, and report on the nature and extent of the communication with major shareholders.

Chairman – Charter of Expectations

Role Requirements

- **Time Commitment** – The Chairman is expected to commit to expend whatever time is necessary to fulfil his duties. It is expected this will be equivalent to approximately 80 days per year.
- **Other Positions** – The Chairman is not expected to hold an executive position elsewhere with a listed company, or more than one other listed company chairmanship position. The Chairman may, however, hold up to three other non-executive directorships at listed companies.
- **Experience** – Experience on the Board of a major, preferably UK listed, organisation. Good understanding of the role of Chairman and able to operate effectively in such a role at the highest level. Relevant financial experience is desirable.
- **Knowledge** – The Chairman must have a good understanding and experience of UK boardroom and corporate governance issues.

Key Competencies and Behaviours

In addition to the required competencies and behaviours of a non-executive Director, the Chairman must demonstrate the following:

Provision of effective leadership to the Board

- In conjunction with the Nominations Committee ensures high quality Board composition with an appropriate balance of diverse skills and experience in the context of the group's agreed strategic priorities.
- Sets the Board agenda and pro-actively manages the annual calendar of business to ensure the most appropriate use of the Board's time.
- Engages and supports individual members to enhance board activities and discussions.
- Ensures that the Board operates effectively as a team.
- Promotes effective communication between executive Directors and non-executive Directors.

Effective Chairmanship of Meetings

- Empowers all Board members to challenge issues openly whilst preventing unnecessary or acrimonious conflict.
- Encourages and manages vigorous debate whilst achieving closure on issues.
- Ensure time is allocated appropriately, ensuring the business of the meeting is completed, whilst allowing appropriate discussion of individual items.
- Facilitates, encourages and expects informed and critical contribution from Directors in discussion and decision taking, particularly on matters of risk and strategy.
- Ensures Directors receive all information in an accurate, timely and clear form.

Be a respected ambassador for the Group

- Be comfortable dealing with political and regulatory interests.
- Be able to command respect of key opinion formers.
- Have the skills to chair an Annual General Meeting and deal with challenging and diverse shareholder questions.

The above expectations are to be read in addition to the Charter of Expectations for Directors and any other Board positions held.

Role Profile – Senior Independent Director

In “steady state” times, the role of the Senior Independent Director is to:

- 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.
- 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.

If the Board is undergoing a period of stress, which might include those circumstances detailed below, the Senior Independent Director will work with the Chairman and other Directors or shareholders as required to resolve significant issues.

- A dispute between the Chair and CEO;
- Where shareholders or non-executive Directors have expressed concerns that are not being addressed by the Chair or CEO;
- If the strategy being followed by the Chair and CEO is not supported by the full Board;
- Where the relationship between the Chair and the CEO is particularly close and decisions are being made without the approval of the full Board; and
- Where Executive or Board succession planning is not being carried out.

Senior Independent Director – Charter of Expectations

Role Requirements

- **Time Commitment** – The Senior Independent Director will be expected to commit at least 5 days per year to this role in addition to his or her Board non-executive Director duties, but be able to commit significantly more time to the role in exceptional circumstances.
- **Experience** – Significant experience of serving on a Board of a major, preferably UK listed, organisation.

Key Competencies and Behaviours

- **Trust/respect** – Must be able to command the trust and respect of his/her fellow Directors and be seen as an individual to whom Directors and institutional shareholders can raise concerns which contact through normal channels has failed to resolve, or if such contact is inappropriate.
- **Political awareness** – Must have experience in managing politically sensitive situations in a large and complex organisation.
- **Judgement** – Must have the ability to demonstrate excellent judgement under pressure.

The above expectations are to be read in addition to the Charter of Expectations for Directors and any other Board positions held.

Role Profile – Directors

Introduction

The Board is responsible to shareholders for creating and delivering sustainable shareholder value through the management of the group's businesses. It should therefore determine the objectives and policies of the group to deliver such long-term value, providing overall strategic direction within a framework of rewards, incentives and controls. The Board must ensure that management strikes an appropriate balance between promoting long-term growth and delivering short-term objectives. Directors must act in a way that they consider, in good faith, would promote the success of the company for the benefit of the shareholders as a whole and in doing so, have regard (amongst other matters) to:

- (a) The likely consequences of any decision in the long-term;
- (b) The interests of Severn Trent's employees;
- (c) The need to foster Severn Trent's business relationships with suppliers, customers and others;
- (d) The impact of Severn Trent's operations on the community and the environment;
- (e) The desirability of Severn Trent maintaining a reputation for high standards of business conduct; and
- (f) The need to act fairly as between shareholders of Severn Trent.

The Board is also responsible for ensuring that management maintains a system of internal control which provides assurance of effective and efficient operations, internal financial controls and compliance with law and regulation. In carrying out this responsibility, the Board must have regard to what is appropriate for the group's business and reputation, the materiality of the financial and other risks inherent in the business and the relative costs and benefits of implementing specific controls.

The Board is also the decision-making body for all other matters of such importance as to be of significance to the group as a whole because of their strategic, financial or reputational implications or consequences.

The principle of collective responsibility shall apply to all Board decisions such that all Directors will support consensus decisions, unless to do so would be illegal, or a breach of their duties as a Director

General to all Directors

1. Provide entrepreneurial leadership of the company, within a framework of prudent and effective controls which enable risk to be assessed and managed.
2. Approve the group's strategic aims, ensuring that the necessary financial and human resources are in place for the group to meet its objectives and review management performance.
3. Set the group's values and standards and ensure that its obligations to its shareholders, customers, regulators and other stakeholders are understood and met.
4. Act in accordance with the general Duties of Directors in Sections 171 to 177 of the Companies Act 2006.

Under English Law the key duties of Directors include:

- Only exercising powers within the authority given and acting in accordance with the company's constitution;
- At all times acting not only in good faith and honestly, but also in the company's best interests and to promote the success of the company for all its members, whilst having regard to the impact on the long-term consequences of any decisions on employees, suppliers and customers, the community and the environment, and the need to act fairly as between members of the company;
- Exercising independent judgement in carrying out their duties;
- Exercising reasonable care, skill and diligence in carrying out their duties commensurate with their knowledge and experience; and
- Avoiding a conflict of interest between their personal interests and their duties to the company (although a conflict or potential conflict may be authorised by the directors in accordance with Severn Trent's Articles of Association), including not accepting a benefit from a third party and declaring an interest, direct or indirect, in a proposed transaction or arrangement with the company.

In addition, Directors must ensure that the company does everything that is required of it by law and regulation, e.g. ensuring the preparation of accounts which give a true and fair view of the state of affairs of the group at the end of each financial year.

Specific to non-executive Directors

The role of the non-executive Director is to:

1. Uphold high standards of integrity and probity and support the Chairman and executive Directors in instilling the appropriate culture, values and behaviours in the Boardroom and throughout the group.
2. Constructively challenge and help develop proposals on strategy and then fully empower the executive Directors to implement the strategy.
3. Scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance.
4. Apply their judgement to the business of the Board, leveraging their knowledge of the business and their other business experience.
5. Demonstrate the financial literacy required for a proper understanding of the group's activities and associated risks.
6. Satisfy themselves on the integrity of financial information and that financial controls and systems of risk management are robust and defensible.
7. Determine appropriate levels of remuneration for executive Directors, and have a prime role in appointing and, where necessary, removing executive Directors and in succession planning for these roles.
8. Complement the skills and experience of the executive Directors, in particular by bringing to bear a diverse range of knowledge, experience and insight from other industries.
9. Ensure that individual business decisions conform to agreed strategies and policies.

Specific to executive Directors

Executive Directors bear the responsibility (under the leadership of the CEO) for making and implementing operational decisions and running the group's business on a day to day basis. The duties of an executive Director include the general duties applicable to all Directors as set out above. These duties extend to the whole of the business and not just that part of it covered by their individual executive responsibilities.

Non-Executive Director – Charter of Expectations

- **Term** – Non-executive Directors will be appointed for a specific term of three years subject to re-election and statutory provisions relating to the removal of a director. Any term beyond six years will be subject to more rigorous review and will take into account the need for progressive refreshing of the Board.

Role Requirements

- **Time Commitment** – Expected time commitment will be agreed on an individual basis with each non-executive Director, with the average time commitment for the non-executive Directors as a whole being in the range of 15 days per year. Certain non-executive Directors, including the Senior Independent Director, Committee Chairmen and Committee members will be expected to commit additional time in order to fulfil these extra responsibilities. All non-executive Directors are expected to make sufficient time available to discharge their responsibilities.
- **Other Positions** – Non-executive Directors who do not hold executive or chairmanship positions at a listed company may hold up to four other non-executive directorships at listed companies.
- **Meetings** – attends all Board and Board Committee meetings and Board dinners unless exceptional circumstances prevail. Is well prepared for all Board and Committee meetings.
- **Independence** – Maintenance of own independence as measured by the independence criteria for non-executive Directors pursuant to the UK Code.
- **Conflict of Interest** – Takes all reasonable actions to avoid potential conflicts of interest and promptly discloses any that may arise.
- **Business Awareness** – Ensure they have the knowledge and understanding of the business to enable them to contribute effectively. On appointment, a non-executive Director should devote a sufficient amount of time to a comprehensive formal and tailored induction programme to acquire an understanding of the main areas of business activity, in particular those that involve significant risk. Each non-executive Director will review their development annually with the Chairman and agree any development needs.
- **Competencies: Audit Committee membership** – Non-executive Directors who are appointed to the Audit Committee should have competence relevant to regulated and/or utilities businesses.

Key Competencies and Behaviours

“Committed to maximising long-term shareholder value”

High Performance Indicators

- Effectively leads Severn Trent towards the achievement of its strategic objectives.
- Prepared to challenge established thinking on current strategy or practice for the longer-term benefit on the group.
- Draws on real life examples from experience in a way that illustrates possible directions.
- Is focussed on ensuring that the group performs to the highest levels of shareholder expectation.

“Helps Shape Corporate Strategy”

High Performance Indicators

- Is well informed about the company and the external environment, bringing that knowledge to bear in the development of group strategy.
- Raises relevant strategic issues (such as competition and sector wide issues), influencing the shaping of group or cluster level strategy.

- Tests proposals on strategy put forward by the executive Directors.
- Effectively contributes to the evolution of the corporate strategy and assists in its implementation through advice and counsel.
- Utilises full breadth of skills and experience to add value to all strategic discussions.

“Demonstrates independence of judgement”

High Performance Indicators

- Willing to stand up for and defend own beliefs and values in the face of opposition.
- Able to challenge effectively outside own area of expertise.
- Demonstrates the courage to take a stand and challenge others’ assumptions, beliefs or viewpoints as necessary, for the good of the organisation.

“Questions intelligently, debates constructively, challenges rigorously and decides dispassionately”

High Performance Indicators

- Asks searching questions which are focused on the key value at risk issues for the group.
- Willing to challenge openly and rigorously, without causing unnecessary conflict.
- Takes difficult decisions dispassionately, whilst also being aware of the political implications.
- Able to deal effectively with complexity and assimilates knowledge quickly.
- Satisfies him/herself that Board discussion and decision taking on risk matters is based on accurate and appropriately comprehensive information and draws, as far as he/she believes it to be relevant or necessary, on external analysis and input.
- Takes into account, the views of shareholders and other stakeholders which may provide different perspective on the group and its performance.

“Has the trust and respect of other members of the Board”

High Performance Indicators

- Commands the respect of his/her Board colleagues.
- Comments and observations are valued by executive Directors and management alike
- Is seen as even-handed in all his/her dealings with the Board and management.
- Supports executives in their leadership of the business whilst monitoring their conduct and performance.
- Is well informed about the group and has a strong command of the issues relevant to the business.

“Effective member of the Board”

High Performance Indicators

- Demonstrates openness to being challenged on assumptions, beliefs, viewpoints and is willing to re-examine them in order to reach new conclusions.
- Will participate in robust and rigorous debates and then work with peers to arrive at consensus solutions.
- Listens sensitively to the views of others, inside and outside the Board.
- Is willing to enhance their contribution through receipt of feedback.
- Fully empowers the executive Directors to implement the strategic decisions taken by the Board.

“Uses network of contacts effectively”

High Performance Indicators

- Is always alert to how his or her network of contacts may be utilised for the benefit of Severn Trent.

“Uphold high standards of integrity”

High Performance Indicators

- Actively promotes and demonstrates the appropriate culture, values and behaviours of the Boardroom and beyond.

Executive Director – Charter of Expectations

Role Requirements

Executive Directors

- **Time Commitment** – Executive Directors are expected to attend all Board meetings and dinners each year and be available to attend meetings of Board Committees, when required to do so by the Chairman of that Committee.
- **Other Positions** – Executive Directors are not expected to hold other executive or chairmanship positions in listed companies. They may, however, hold, up to two other non-executive directorships in listed companies, one of which may be a FTSE100 position.
- **Meetings** – Is well prepared for all Board meetings.
- **Group View** – Be able to take a “group” shareholder value viewpoint notwithstanding personal responsibility for a function.
- **Knowledge** – Be knowledgeable of own areas of responsibility as well as understanding the strategic priorities facing the group.
- **Shareholding** - Executive Directors are expected to maintain a shareholding (or interest in shares) in line with the shareholding guidelines adopted by the Remuneration Committee.

Key Competencies and Behaviours

Executive Directors are expected to:

- Effectively lead Severn Trent towards the achievement of its strategic objectives and implement the strategy decisions taken by the Board.
- Use their specialist knowledge and experience, generally to assist the Board in consideration of strategic issues, and ensuring that decisions taken are in the group’s best interests.
- Help ensure that the Board receives relevant, accurate, timely and high quality supporting information and presentations necessary for it to fulfil its duties.
- Put the interests of the group before those of their specific area of responsibility, in particular being prepared to participate fully in the Board’s collective and consensus decision taking as a team member, rather than as a functional advocate.
- Be open to constructive challenge from non-executive Directors
- Manage any conflicts of interest between their role as a Board member and as an executive.
- Be sensitive to the collective responsibility of the Board for creating shareholder value and be mindful of having all the responsibilities of a Director.
- Be aware of their wider responsibilities when they join the Board and ensure that they receive appropriate training to enable them to fulfil their role.
- Be willing to enhance their contribution through receipt of feedback.

Committee Chairmen – Charter of Expectations

The Chairmen of Board Committees fulfil an important leadership role similar to that of the Chairman of the Board, particularly in creating conditions for overall Committee and individual Director effectiveness. The Chairmen of the Board Committees will preside at all meetings of the Committees and ensure that the work of the Committee is performed in an efficient and timely manner.

The key duties of a Committee Chairman will be:

Provision of Effective Leadership to the Committee

- Ensures, in conjunction with the group Chairman and the Nominations Committee, high quality Committee membership with an appropriate balance of skills and experience.
- Pro-actively manages annual calendar of business to ensure most appropriate use of the Committee's time.
- Engages and supports individual members to enhance Board activities and discussions.
- Ensures that the Committee operates effectively as a team.
- Ensures that membership of the Committee is a stimulating and enjoyable experience.
- Ensures that the Committee's performance is evaluated annually.

Effective Chairmanship of Meetings

- Empowers all Committee members to challenge issues openly whilst preventing unnecessary or acrimonious conflicts.
- Encourages and manages vigorous debate, whilst achieving closure on issues.
- Ensures time is allocated appropriately and ensures the business of the meeting is completed, whilst allowing appropriate discussions of individual items.
- Ensures the Committee works in accordance with the best practice so that the Committee is able to discharge its duties and comply with statutory/regulatory requirements.
- Ensures appropriate flow of timely and high-quality information to the Committee.
- Ensures the Committee is able to provide appropriate assurance to Board on the issues within its terms of reference.
- Ensures Committee members receive appropriate induction and ongoing training.

Reporting to the Board

- Ensures high quality reporting to Board on the work of the Committee including identification of solutions to issues and concerns identified by the Committee. Requires full Board consideration of Committee areas of remit where considered appropriate, in conjunction with the Board's Chairman.

Audit Committee Chairman – Specific Responsibilities and Requirements

- Ensure that the Committee effectively reviews the appropriateness and completeness of the group's system of internal control, reviews the report which identifies high level control issues of group level significance that require or are subject to remedial action and ensures that the Committee considers whether necessary actions are being taken to remedy any significant failings or weaknesses.
- Ensures that the Committee monitors the integrity of the financial statements of the Company, including its annual and half-yearly reports, and any other formal announcement relating to its financial performance and shall review and, where appropriate, report to the Board on significant financial reporting issues and significant estimates and judgements which they contain.
- Ensures that the Committee effectively reviews arrangements made by management for compliance with regulatory financial reporting and best practice requirements and ensures that the Committee effectively reviews the response of management to comments from the Auditors, Regulators, or the Committee.
- Ensures the Committee oversees the Group's whistleblowing policies and procedures, assessing their effectiveness and ensuring management provide an annual update on whistleblowing to the Board.
- Ensure the Committee effectively reviews the group's compliance practices and procedures.
- Ensures that the Committee effectively and appropriately monitors the working relationship between the external auditors and Severn Trent.
- Ensures that the Committee effectively reviews the scope, nature and effectiveness of the work of Severn Trent's Internal Audit (IA) and the terms of reference of IA and the performance of IA against its objectives and those terms of reference.
- Ensures that the Committee effectively reviews and makes recommendations to the Board in relation to the appointment and removal of external auditors, and makes recommendations to the Board regarding tendering the external audit contract from time to time as required by applicable law, rules, regulations and best practice.
- Ensures that key findings of the Committee are reported to the Board.
- Meets regularly with the Head of Internal Audit to receive briefings on the work of IA and provide support when necessary to ensure that the independence and integrity of IA is beyond reproach.
- Monitors the performance of the Head of Internal Audit as part of his/her dual reporting line to the Committee Chairman.
- Meets regularly with the lead Audit Partner of the External Auditors to discuss their work and any issues or concerns arising in between meetings of the Committee.
- Ensures that an annual assessment of the performance of the Committee is conducted.
- Ensure that an annual review is conducted of the performance of any advisers to the Committee

Role Requirements

- **Time commitment** – The Audit Committee Chairman will be expected to commit an additional 5 days per year over and above the time commitment required as a non-executive Director.
- **Competencies** – Must have competence relevant to regulated and/or utilities businesses and significant recent and relevant financial experience, preferably a chartered accountant, and comfortable dealing with complex financial issues. Should make every effort to keep up to date with international financial and accounting best practice developments.
- **Internal Audit** – The Audit Committee Chairman must meet regularly (at least quarterly) with the Head of Internal Audit to review briefings on the work of Internal Audit.

- **External Auditors** – Must meet regularly (at least quarterly) with the lead Audit Partner to discuss their audit work.
- **Available in time of crisis** – Must be available outside of meetings of the Committee in case urgent issues are raised by management, by Internal Audit or the External Auditors.
- **AGM** – Must be able to attend the Annual General Meeting to answer shareholder questions.
- **Experience** – Experience of Board and Board Committee work in a major organisation is preferable. This could be achieved by serving a period of time on the Severn Trent Boards prior to appointment as Committee Chairman.

Nominations Committee Chairman – Specific Responsibilities and Requirements

- Ensures that the Committee reviews and makes recommendations to the Board on Board composition and balance.
- Ensures that the Committee assesses the skills required to competently discharge the Board's duties having regard to the strategic direction of the group.
- Ensures that the Committee effectively identifies reviews and recommends candidates for potential appointment as Directors.
- Ensures that the Committee effectively reviews and makes proposals in respect of succession plans, over the longer term in order to maintain an appropriate balance of skills and experience and to ensure progressive refreshing of the Board. The Committee Chairman should ensure that particular attention is paid to succession in respect of the CEO, the Chairman and other key Board positions, e.g., Senior Independent Director.
- Ensures that the Committee reviews at regular intervals, and at least once a year, proposals brought by management to the Committee for the succession to key leadership positions within the group.
- Ensure the Committee reviews annually the time commitment required of non-executive Directors and uses the performance evaluation to assess whether non-executive Directors are committing enough time to fulfil their duties.
- Ensures that the Committee reviews at least annually a report on the group's Talent Management Programme.
- Ensures that the Committee considers and sets the criteria for the performance review of each non-executive Director, the Board and each Committee of the Board (including this Committee)
- Ensures that the Committee conducts an annual performance evaluation of the effectiveness of the Board and each Committee of the Board.
- Ensures that an annual assessment of the performance of the Chairman and of the CEO is undertaken and the conclusions and recommendations arising are reported to the Board.
- Ensures that the Committee reviews the conflicts of interest register and reviews any conflicts of interest disclosure to be made public.
- Ensures that an annual assessment of the performance of the Committee is conducted.
- Ensures that the Committee reviews the composition of the Board to ensure that its membership represents a mix of backgrounds and experience that will enhance the quality of its deliberations and decisions.

Role Requirements

- **Time commitment** – Time commitment is included in the overall time commitment of the Chairman, with 2-3 days per year expected of every other member of the Committee.
- **Knowledge of Corporate Governance issues** – Must have a good knowledge of corporate governance and make every effort to keep up to date with best practice developments.
- **AGM** – Must be able to attend the Annual General Meeting to answer shareholder questions.
- **Experience** – Experience of Boards and Board Committee work in a major organisation is preferable. This could be achieved by serving a period of time on the Severn Trent Boards prior to appointment as Committee Chairman.

Remuneration Committee Chairman - Specific Responsibilities and Requirements

- To lead the Committee in developing and implementing remuneration policies and practices that support the delivery of the business strategy to help create value for shareholders.
- Consult regularly with the Chairman and CEO of the company to ensure that the Committee effectively reviews the policy on remuneration of executive Directors.
- Ensures that the Committee has sufficient understanding of the group's remuneration policy and employment conditions to ensure it is adopting a coherent approach to remuneration in respect of all employees.
- Ensures that the Committee considers and approves the remuneration arrangements of the Chairman and the executive Directors of the group.
- Ensures that the Committee effectively considers and approves the remuneration of the other members of the Severn Trent Plc Executive Committee.
- Ensures that the Committee effectively considers and approves recruitment and termination arrangements for all executives within its remit.
- Ensures that the Committee effectively reviews the policy relating to all remuneration schemes (including pensions) employee benefit and long term incentive schemes, particularly in so far as any such schemes involve the executives or employees referred to above ensuring that remuneration is linked to performance objectives.
- Ensures that key findings of the Committee are reported to the Board.
- Attends the Annual General Meeting and is available to discuss Severn Trent Remuneration Policy with shareholders.
- Consults with shareholders where appropriate on matters of policy or unusual employment arrangements.
- Ensures that the Committee considers all aspects of remuneration policy on a group wide basis with an emphasis on the risk dimension and promoting alignment of the interests of shareholders and employees.
- Ensures that the Committee reports annually to shareholders through the Remuneration Report included in the Annual Report and Accounts.
- Ensures that an annual assessment of the performance of the Committee is conducted.
- Ensure that an annual review is conducted of the performance of any advisers to the Committee

Role Requirements

- **Time Commitment** – The Remuneration Committee Chairman will be expected to commit an additional 5 days per year over and above the time commitment required as a non-executive Director.
- **Regular Meetings** – Must meet regularly with the Chairman and CEO to ensure that the Committee is effectively reviewing the remuneration of executive Directors in line with Severn Trent policy.
- **AGM** – Must attend the Annual General Meeting and provide considered answers to questions from investors on Severn Trent's remuneration policy
- **Knowledge** – Must be knowledgeable about current best practice in executive remuneration and understand the importance of aligning executive reward to achievement of the group's strategic objectives.
- **Experience** – Experience of Boards and Board Committee work in a major organisation is preferable. This could be achieved by serving a period of time on the Severn Trent Boards prior to appointment as Committee Chairman.

Board Support and the Company Secretary

The Board will be supported by the Company Secretary, whose role in ensuring good governance is to:

- Support the Chairman and help the Board and its Committees to function effectively.
- Work with the Chairman, CEO and management to ensure the presentation of accurate, timely and high quality supporting information to the Board and Board Committees.
- Support the Chairman in delivering Director induction and development programmes.
- Support the Chairman of the Board and the Chairmen of Board Committees in delivering the Board and Board Committee evaluation process and implementing any resulting action plan.
- Periodically review with the Chairman, the effectiveness of the Board and Board Committee governance framework including the remit of each Board Committee and the process of interaction between Committees and each Committee to the Board.

The Company Secretary will:

- Report to the Chairman on all matters of Board Governance but will report to the CEO in relation to his/her other executive management responsibilities.
- Be expected to build relationships of mutual trust with the Chairman, the Senior Independent Director and the non-executive Directors, whilst maintaining the confidence of the CEO and executive Directors.