

Governance

Nominations Committee



Sir John Egan
Chairman of the Nominations Committee

The main purpose of the committee is to assist the board by keeping the composition of the board under review and conducting a rigorous and transparent process when making or renewing appointments of directors to the board. It also advises the board on issues of directors' conflicts of interest and independence. The full terms of reference for the committee can be found on the company's website (www.severntrent.com) and are also available from the Company Secretary.

Succession planning

When considering new appointments to the board, the Nominations Committee oversees the preparation of a position specification that is provided to an independent recruitment organisation retained to conduct a global search. In addition to the specific skills, knowledge and experience deemed necessary, the specification contains criteria such as:

- a proven track record of creating shareholder value;
- unquestioned integrity;
- a commitment to the highest standards of governance;
- having the required time available to devote to the job;
- strategic mindset, an awareness of market leadership, outstanding monitoring skills;
- a preparedness to question, challenge and openly assess; and
- an independent point of view.

This report provides details of the role of the Nominations Committee and the work it has undertaken during the year.

The committee keeps under review the balance of skills on the board and the knowledge, experience, length of service and performance of the directors. It also reviews their external interests with a view to identifying any actual, perceived or potential conflicts of interests, including the time available to commit to their duties to the company. The committee monitors the independence of each non-executive director and makes recommendations concerning such to the board. The results of these reviews are important when the board considers succession planning and the election and reappointment of directors. Members of the committee take no part in any discussions concerning their own circumstances.

The members of the Nominations Committee in 2009/10 were the non-executive directors of the board and the CE, Tony Wray.

In May 2009 the committee recommended the appointment of Gordon Fryett to the board as an independent non-executive director. Gordon's experience of major capital projects at Tesco was a key driver in that decision.

During the year, the committee was primarily occupied with the search for Sir John Egan's successor. The search was led by Richard Davey to ensure independence in the duration of the handover of the role.

The board accepted the committee's recommendations that Andrew Duff join the board, with effect from 10 May 2010. Andrew will be appointed Chairman at the close of this year's AGM, upon Sir John's retirement.

In respect of Andrew's appointment, the committee engaged an external search agency, Zygos, who assisted in identifying suitable candidates with the skills and capabilities required and in preparing an interview list.

In March this year the Nominations Committee formally reviewed the performance, contribution and commitment of each of the directors retiring at this year's AGM and seeking reappointment. The committee supports and recommends their reappointment to the board. The committee has confirmed that each director standing for reappointment continues to perform well on an individual and collective basis, making a valuable contribution to the board's deliberations and demonstrating commitment to the long term interests of the company.

Nominations Committee attendance in 2009/10

Sir John Egan	5/5
Dr Bernard Bulkin	4/5
Richard Davey	5/5
Gordon Fryett	1/2
Martin Lamb	4/5
Baroness Noakes	4/5
Tony Wray	5/5

Each committee meeting complied with the terms of reference in that a minimum of five members were in attendance, with the majority being independent, non-executive directors.