

Anglian Water Services Limited

Nomination Committee Terms of Reference

In these Terms of Reference, the following words have the meanings:

- “the AIR” shall mean the Annual Integrated Report;
- “the Board” shall mean the board of Directors;
- “the Code” shall mean the Anglian Water Services Corporate Governance Code 2019;
- “the Committee” shall mean the Nomination Committee of the Company;
- “the Company” shall mean Anglian Water Services Limited;
- “the Director(s)” shall mean one or more Director(s) of the Company; and
- “Investor” means an investor in Anglian Water Group Limited

1. Membership

- 1.1. The Committee shall comprise at least three members. A majority of Committee members shall be independent non-executive Directors. Other member of the Committee shall comprise either Non-executive Directors or other Investor appointed representatives. Members of the Committee shall be appointed by the Board, on the recommendation of the Committee and in consultation with the Chairman of the Committee.
- 1.2. Only members of the Committee have the right to attend Committee meetings. However, other individuals and/or external advisers may be invited to attend for all or part of any meeting, as and when required.
- 1.3. The Board shall appoint the Committee Chairman who should be an independent non-executive Director. In the absence of the Committee Chairman and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting from those who would qualify under these terms of reference to be appointed to that position by the Board. The Chairman of the Board shall not chair the Committee when it is dealing with the matter of succession to the Chairmanship.

2. Secretary

- 2.1. The Company Secretary or their nominee shall act as the Secretary of the Committee and will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to the issues.

3. Quorum

- 3.1. The quorum necessary for the transaction of business shall be three of which two must be independent non-executive Directors one shall be an Investor appointed member. A duly convened meeting of the

Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

4. Frequency of Meetings

- 4.1. The Committee shall meet at least once a year and at such other times as any member of the Committee shall require.

5. Notice of Meetings

- 5.1. Meetings of the Committee shall be summoned by the Secretary of the Committee at the request of any of its members.
- 5.2. 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 and to the Chairman of the Board no later than 3 days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.
- 5.3. Notices, agendas and supporting papers can be sent in electronic form where the recipient has agreed to receive documents in such a way.

6. Minutes of Meetings

- 6.1. The Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.
- 6.2. Minutes of Committee meetings shall be agreed with the Committee Chairman and circulated prior to the following meeting to all members of the Committee.

7. No power to make decisions

- 7.1. The role of the Committee is to make recommendations to the Board. The Committee has no authority to take decisions on behalf of the Board.

8. Duties

The Committee shall:

- 8.1. regularly review the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and make recommendations to the Board with regards to any changes;
- 8.2. give full consideration to succession planning for directors and other senior executives in the course of its work, taking into account the challenges and opportunities facing the company, how to support the development of a diverse pipeline, and the skills and expertise needed on the Board in the future;

- 8.3. keep under review the leadership needs of the organisation, both executive and non-executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace;
- 8.4. keep up to date and fully informed about strategic issues and commercial changes affecting the company and the market in which it operates;
- 8.5. be responsible for identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise;
- 8.6. before any appointment is made by the Board, evaluate the balance of skills, knowledge, experience and diversity on the Board, and, in light of this evaluation, prepare a description of the role and capabilities required for a particular appointment. In identifying suitable candidates the Committee shall:
 - use open advertising or the services of external advisers to facilitate the search;
 - consider candidates from a wide range of backgrounds;
 - consider candidates on merit and against objective criteria and with due regard for the benefits of diversity on the Board, taking care that appointees have enough time available to devote to the position;
- 8.7. for the appointment of the chairman of the Board, the Committee should prepare a job specification, including the time commitment expected. A proposed chairman's other significant commitments should be disclosed to the Board before appointment and any changes to the chairman's commitments should be reported to the Board as they arise;
- 8.8. prior to the appointment of a Director, the proposed appointee should be required to disclose (i) any other significant commitments and (ii) any business interests that may result in a conflict of interest and be required to report any future business interests that could result in a conflict of interest and any changes to his/her commitments as they arise;
- 8.9. ensure that on appointment to the Board, non-executive Directors receive a formal letter of appointment setting out clearly what is expected of them in terms of time commitments, committee service and involvement outside Board meetings;
- 8.10. review the results of the Board performance evaluation process that relate to the composition of the Board;
- 8.11. review annually the time required from non-executive Directors. Performance evaluation should be used to assess whether the non-executive directors are spending enough time to fulfil their duties; and
- 8.12. work and liaise as necessary with all other Board committees.

The Committee shall also make recommendations to the Board concerning:

- 8.13. formulating plans for succession for both executive and non-executive Directors and in particular for the key roles of Chairman and Chief Executive;
- 8.14. suitable candidates for the role of Senior Independent Director;
- 8.15. membership of the Audit and Remuneration Committees, and any other Board committees as appropriate, in consultation with the Chairman of those committees;
- 8.16. the re-appointment of any independent non-executive Director at the conclusion of their specified term of office having given due regard to their performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required and the need for progressive refreshing of the Board (particularly in relation to directors being re-elected for a term beyond six years);
- 8.17. any matters relating to the continuation in office of any director as an employee of the Company subject to the provisions of the law and their service contract; and
- 8.18. the appointment of any director to executive or other office.

9. Reporting Responsibilities

- 9.1. The Committee Chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 9.2. The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 9.3. The Committee shall make a statement or produce a report in the AIR about its activities including the information detailed in 3.8 of the Code (to be first published in the AIR for the financial year ended 31 March 2020), the process used to make appointments and explain if external advice or open advertising has not been used. Where an external search agency has been used, it shall be identified in the Annual Integrated Report and a statement made as to whether it has any connection with the Company.
- 9.4. The above statement/report shall disclose the Committee's policy on diversity and inclusion, any measurable objectives that have been set for implementing the policy, and progress made towards achieving the objectives.

10. Other

The Committee shall:

- 10.1. have access to sufficient resources in order to carry out its duties including access to the Company Secretary for assistance as required;

- 10.2. at least once a year, review its own performance, 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;
- 10.3. 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; and
- 10.4. give due consideration to laws and regulations, the provisions of the AWS Corporate Governance Code 2019 and the requirements of the UK Listing Authority's Listing, Prospectus and Disclosure and Transparency Rules and any other applicable Rules, as appropriate.

11. Authority

- 11.1. The Committee is authorised to seek any information it requires from any employee of the Company in order to perform its duties.
- 11.2. The Committee is authorised to obtain, at the company's expense, outside legal or other professional advice on any matters within its terms of reference.