



of the Company. Please also consult the Chairman before accepting any further directorships, whether or not you believe they might impact on your time available.

## **Role**

6. Non-executive directors have the same general legal responsibilities to the Company as any other director. As a director of each of the AWS Finance Group companies, you must act in the way that you consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:
  - the likely consequences of any decision in the long term;
  - the interests of the company's employees;
  - the need to foster the company's business relationships with suppliers, customers and others;
  - the impact of the company's operations on the community and the environment;
  - the desirability of the company maintaining a reputation for high standards of business conduct; and
  - the need to act fairly as between members of the company.
7. As a director of each the AWS Finance Group companies you must also exercise independent judgment and reasonable care, skill and diligence.
8. The board as a whole is collectively responsible for the success of the company. The board:
  - provides leadership of the company within a framework of prudent and effective controls which enable risk to be assessed and managed;
  - sets the company's strategic aims, ensures that the necessary financial and human resources are in place for the company to meet its objectives, and reviews management performance; and
  - sets the company's values and standards and ensure that its obligations to its shareholders and others are understood and met.
9. In addition to these requirements of all directors, the role of the Non-executive director has the following key elements:
  - **Strategy** Non-executive directors should constructively challenge and help develop proposals on strategy;
  - **Performance** Non-executive directors should scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
  - **Risk** Non-executive directors should satisfy themselves on the integrity of financial information and that financial controls and systems of risk management are robust and defensible; and
  - **People** Non-executive directors are responsible for determining appropriate levels of remuneration of executive directors and have a prime role in appointing, and where necessary removing, senior management, and in succession planning.

8. More specifically, Non-executive directors are expected to:
- provide a positive contribution to the effectiveness of the board by making objective observations, where appropriate, based on their independence from the day to day running of the Company's affairs;
  - provide counsel to the Chief Executive Officer on matters of concern to the Company;
  - monitor the performance of the Company's executive team in achieving the objectives and strategy set by the board;
  - provide, where appropriate, channels of external advice, opinion and communication to the Company's board and Executive team; and
  - promptly report any conflict of interest arising in relation to their position as a Non-executive director to the board.

### **Performance Review Process**

11. Your performance as a Non-executive director and that of the board as a whole, will be subject to evaluation on an annual basis. If, in the interim, there are any matters which cause you concern in respect of your performance in this role you should discuss them with the Chairman as soon as appropriate.

### **Fees**

12. The Company will pay you a fee of £50,000 per annum for your services. The fee will be reviewed periodically. The fee shall be paid by monthly payments on the 15<sup>th</sup> of each month by the Company.
13. You will be reimbursed for all necessary and reasonable expenses incurred in the performance of your duties. Expenses claim forms must be countersigned by the Chairman. If you are in any doubt as to whether an expense is necessary and reasonable, you should discuss it with the Chairman before incurring it.

### **Governance and Conflicts of Interest**

14. It is accepted and acknowledged that you have business interests other than those of the Company and have declared, where necessary, any conflicts that are apparent at present. In the event that you become aware of any potential conflicts of interest, these should be disclosed to the Chairman and the Company Secretary as soon as they become apparent.
15. The Company is regulated by Ofwat and must conduct its affairs in accordance with the terms of its Instrument of Appointment (or Licence). The Licence provides that: "The Appointee [i.e. the Company] shall, at all times, conduct the Appointed Business as if it were substantially the Appointee's sole business and the Appointee were a separate public limited company". The Licence also specifies that "The Appointee should have particular regard to ...the Principles of Good Governance and Code of Best Practice (or any successor document having a similar purpose and content) as may from time to time be incorporated into or approved for the purposes of the Listing Rules of the Financial Services Authority".
16. Ofwat has expanded on the governance provisions in the Licence in a guidance note (published in January 2014) entitled "Board leadership, transparency and governance – principles". In response to this guidance the Company has devised its own governance code (which is published on the Company's website). Based on the information that you

have provided, the board has determined you to be independent of the Company and its ultimate owners. You must also notify the Chairman and the Company Secretary should circumstances arise which may affect this determination in any way.

### **Confidential Information**

17. During the term of your appointment you will have access to confidential information regarding the businesses and financial affairs of the AWS Finance Group companies. You must not, either during your appointment or afterwards, disclose to anyone or otherwise make use of this confidential information, except in the proper performance of your duties or as may be required by law or by any competent regulatory body, without prior clearance from the Chairman or the Company secretary. This does not apply, however, to any information already in the public domain.
18. You acknowledge the need to hold and retain Company information (in whatever format you may receive it) under appropriately secure conditions.
19. We expect that you will comply with any Company policies or codes of conduct that apply to all directors from time to time.

### **Competition**

20. You will not during your term as a director, nor for a period of 6 months thereafter be, or become, a director or employee or agent of (i) the Water Services Regulation Authority ("Ofwat") (ii) any entity that is regulated by Ofwat or (iii) any entity that has a significant business relationship with the Company without the prior consent of the board in writing. Such consent will not be unreasonably withheld or delayed.

### **Induction**

21. Following your appointment, the Company will provide a formal and tailored induction in relation to the Company. In addition to the time commitment set out in Clause 4 above, you will be required to spend up to five days learning about the Company (to include attending at various operational sites and meeting with key individuals in the Company).

### **Consent to Act and Registered Information**

22. The Company is required to notify the Registrar of Companies of your appointment by submitting a Form AP01, which constitutes your consent to act as a director of each AWS Finance Group company. The information required to complete and submit the form is contained in the first part of the enclosed Director Appointment Questionnaire. Please complete and return the questionnaire to the Company Secretary.
23. You are required to disclose to the Company, any significant commitments which may impact on the time you are able to devote to the Company's business. Such commitments would include other directorships, and would also include any other commitments of a professional nature e.g. salaried employment, membership of committees, regulatory or voluntary bodies or holding public office. You are also asked to provide a broad indication of the time involved in any such activities and to keep the Company informed of changes going forward. Please contact the Company Secretary should you require any further guidance on such disclosures and also let the Company Secretary know if there are any changes to your registered information in the future.

### **Status and Tax Liabilities**

24. You agree that it is not intended that you shall be employed by the Company (or indeed by any member of the AWS Finance Group company) but shall hold a position as a Non-

executive director and office holder of each AWS Finance Group company and shall not be entitled to any pension, bonus or other fringe benefits.

25. You agree that the AWS Finance Group companies shall deduct tax and national insurance or similar contributions (where appropriate) in respect of your fees in accordance with Schedule E of PAYE under your appointment as an office holder of each AWS Finance Group company.

### **Termination**

26. Either party shall be entitled to terminate this Agreement immediately by giving notice in writing to the other ("the Defaulting Party") in the event that the Defaulting Party shall have been in material breach of any of its obligations contained herein and shall fail to remedy that breach (if capable of remedy) within thirty days of notice in writing given to it requiring such remedy.
27. This Agreement shall terminate forthwith upon notice to you by each AWS Finance Group Company if:
- you resign as a director of any AWS Finance Group company; or
  - you become prohibited by law from being a director; or
  - you become bankrupt, or have an interim receiving order made against you or make any arrangement or compound with your creditors generally; or
  - you are removed as a director under the Articles of Association of any AWS Finance Group company; or
  - you are incompetent, guilty of gross misconduct and/or serious or persistent negligence in the provision of the services hereunder; or
  - an order is made by any court of competent jurisdiction on the ground of mental disorder for detention or for the appointment of a guardian or receiver or other person to exercise powers with respect to your affairs or you are admitted to hospital in pursuance of an application for admission for treatment under the Mental Health Act 1983; or
  - not having leave of absence from the Chairman, you fail to attend Board Meetings for three consecutive months unless prevented by illness, unavoidable accident or other cause which may seem to the Board to be sufficient; or
  - you are convicted of any offence under the Criminal Justice Act 1993 or under any other present or future statutory enactment or regulation relating to insider dealing; or
  - in the reasonable opinion of the Chairman, you bring the name or reputation of any AWS Finance Group company or AWS Group Company into serious disrepute or prejudice the interests of the business of any AWS Finance Group Company or any AWS Group Company; or
  - if you have not complied with the Company's anti-bribery policy.
28. Upon the termination by whatever means of this Agreement you shall not, without the prior written consent of each AWS Finance Group company, at any time thereafter represent yourself as still being to be connected with any AWS Finance Group company.

- 29. Your obligations in relation to confidentiality and non competition shall survive any termination of this Agreement.
- 30. You agree not to resign in respect of any member or members of the AWS Finance Group without resigning in respect of all members of the AWS Finance Group.
- 31. If matters arise which cause you concern about your role, you should discuss these matters with the Chief Executive Officer or the Chairman. If you have any concerns which cannot be resolved, and you choose to resign for that, or any other reason, you should provide an appropriate written statement to the Chairman for circulation to the Board.

**Insurance**

- 32. The Company has directors' and officers' liability insurance and it is intended to maintain such cover for the full term of your appointment. The current indemnity limit is £75 million; a copy of the policy document will be provided to you on request.

**Independent Professional Advice**

- 33. On occasion you may consider that you need to obtain professional advice in the furtherance of your duties as a director. You will be entitled to obtain at the Company's expense such independent professional advice as is reasonably necessary to enable you to carry out your duties as a non-executive director of the AWS Finance Group companies.

**Miscellaneous**

- 34. This Agreement is governed by and shall be construed in accordance with the laws of England and the parties to this Agreement submit to the exclusive jurisdiction of the English courts.
- 35. This Agreement contains the entire understanding between the parties and supersedes all prior agreement and understanding relating to its subject matter.
- 36. Any amendments to this Agreement shall not be valid unless made in writing and signed by the authorised representatives of each party
- 37. The failure or delay by either party to this Agreement in exercising any right, power or remedy of that party under this Agreement shall not in any circumstance impair such right, power or remedy nor operate as a waiver of it.

AS WITNESS the hands of the parties the day and year first above written.

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Signed for and on behalf of Anglian Water Services Limited as agent for each company in the AWS Finance Group

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Signed by Zarin Patel