

**SOUTH EAST WATER LIMITED (Registration No 2679874)**

**TERMS OF REFERENCE OF THE  
NOMINATION COMMITTEE**

**1. Membership**

1.1 The committee shall comprise at least three members. A majority of the members of the committee shall be independent non-executive directors. Members of the committee shall be appointed by the board 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 such as the Managing Director, the head of human resources and external advisers may be invited to attend for all or part of any meeting, as and when appropriate and necessary.

1.3 Appointments to the committee are made by the board and shall be for a period of up to three years, which may be extended for further periods of up to three-years, provided the director still meets the criteria for membership of the committee, except that a non-executive director representing a shareholder shall be member of the committee for as long as she or he remains a director of the company or until her or his appointment to the committee is ended for any reason.

1.4 The board shall appoint the committee chairman who shall 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 who would qualify under these terms of reference to be appointed to that position by the board. The chairman of the board shall not be chairman of the committee in relation to the appointment of a successor of the chairman of the board. If the numbers of votes for and against any proposal are equal, the chairman of the committee shall have a casting vote.

**2. Secretary**

The chairman of the committee or his or her nominee shall act as the secretary of the committee.

**3. Quorum**

The quorum necessary for the transaction of business shall be three, two of whom must be independent non-executive directors. 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. Meetings**

The committee shall meet at least twice a year and otherwise as required.

## **5. Notice of meetings**

5.1 Meetings of the committee shall be called by the committee chairman or the secretary where the chairman has designated a nominee to act as the secretary in accordance with clause 2.

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, any other person required to attend and all other non-executive directors, no later than five working days before the date of the meeting. Supporting papers shall be sent to committee members and, as appropriate, to other attendees at the same time.

## **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 Draft minutes of committee meetings shall be circulated promptly to all members of the committee.

## **7. Annual general meeting**

The committee chairman should attend the annual general meeting, if any, to answer any shareholder questions on the committee's activities.

## **8. Duties of the Nomination Committee**

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 regard 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, 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, except in respect of the appointment of shareholders' representatives where the committee shall be

responsible for considering candidates presented for nomination by a shareholder and recommending them for the approval of the board;

8.6 before any appointment is made by the board, evaluate the balance of skills, knowledge, experience and diversity on the board, and, in the light of this evaluation, prepare a description of the role and capabilities required for a particular appointment. In identifying suitable candidates the committee shall:

8.6.1 except in respect of the appointment of directors representing a shareholder, use open advertising or the services of external advisers to facilitate the search;

8.6.2 consider candidates from a wide range of backgrounds;

8.6.3 consider candidates on merit and against objective criteria and with due regard for the benefits of diversity on the board, including gender, taking care that appointees have enough time available to devote to the position;

8.7 for the appointment of a chairman, 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 any other 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;

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 commitment, 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;

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 and in respect of talent management;

8.14 suitable candidates for the role of senior independent director;

8.15 membership of any other board committees as appropriate, in consultation with the chairman of those committees;

8.16 the re-appointment of any 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 knowledge, skills and experience required;

8.17 any matters relating to the continuation in office of any director at any time including the suspension or termination of service of an executive director as an employee of the company subject to the provisions of the law and their service contract;

8.18 the appointment of any director to executive or other office.

## **9. Reporting responsibilities**

9.1 The committee chairman shall report to the board on its proceedings as appropriate 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 produce a report to be included in the company's annual report about its activities and the process used to make appointments. An explanation will be given if neither an external search consultancy nor open advertising has been used in the appointment of a chairman or a non-executive director. Where an external search agency has been used, it shall be identified in the annual report and a statement made as to whether it has any connection with the company. This report should include a statement of the board's policy on diversity, including gender, and progress on achieving the objectives.

## **10. Other matters**

The committee shall:

10.1 have access to sufficient resources in order to carry out its duties, including access to the company secretariat for assistance as required;

10.2 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;

10.3 give due consideration to laws and regulations, the provisions of the SEW Code, the UK Code and the requirements of the UK Listing Authority's Listing, Prospectus and Disclosure and Transparency Rules and any other applicable rules, as appropriate;

10.4 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**

11.1 In connection with its duties, the committee is authorised by the board to obtain, at the company's expense, outside legal or other professional advice on any matters within its terms of reference.

11.2 The committee is authorised by the Board to seek any information it requires from any employee of the company in order to perform its duties.