

## **Wessex Water Services Limited**

### **Nomination Committee**

#### **Terms of Reference**

#### **1. Purpose**

- 1.1 The Nomination Committee (the Committee) is a Committee of the Board of Wessex Water Services Limited (the Company).
- 1.2 The principal purpose of the Committee is to make recommendations to the Board about its membership.
- 1.3 The Committee will, in performing its duties, take account of customer and stakeholder needs.

#### **2. Composition and procedure**

- 2.1 The Committee will comprise the Chair of the Board and at least three Independent Non-Executive Directors, as appointed by the Board from time to time. The Committee will always have a majority of Independent Non-Executive Directors. Three members present, of whom at least two will be Independent Non-Executive Directors, will constitute a quorum. The Board will appoint the chair of the Committee. The Chair of the Board will not chair the Committee in any discussion about his or her succession or performance.
- 2.2 Meetings will take place 'as required', as determined by the Chair of the Committee. The Secretary or any member may also convene a meeting of the Committee at any time to discuss any matter falling within the Committee's remit.

#### **3. Secretary**

- 3.1 The Company Secretary or his or her nominee will act as the Secretary to the Committee.

#### **4. Notice of meetings**

- 4.1 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, will be forwarded to each member of the Committee, any other person required to attend and all other Independent Non-Executive Directors, no later than five working days before the date of the meeting. Supporting papers will be sent to Committee members and to other attendees as appropriate, at the same time.
- 4.2 Members may participate in a meeting by means of telephone, video conferencing facility or other suitable communicating equipment.

#### **5. Minutes**

- 5.1 The Secretary will minute the proceedings and decisions of all meetings of the Committee, including recording the names of those present and in attendance.
- 5.2 Minutes of Committee meetings will be circulated to all members of the Committee unless it would be inappropriate to do so.

## 6. Duties of the Committee

### 6.1 The Committee should carry out the duties below:

- (a) to determine:
  - (i) that before appointment is made by the Board, the balance of skills, background, knowledge, experience, and diversity on the Board is evaluated, and in the light of this evaluation, a description of the role and capabilities required for a particular appointment is prepared. In identifying suitable candidates, the Committee will:
    - (1) use open advertising or the services of external advisers to facilitate the search or appointment of Independent Non-Executive and Executive Directors;
    - (2) consider candidates from a wide range of backgrounds as appropriate; and
    - (3) consider candidates on merit and against objective criteria and with due regard for the benefits of diversity (in line with protected characteristics within the Equality Act 2010) on the Board, taking care that appointees have enough time available to devote to the position;
  - (ii) when considering appointments to Chair of the Board, that a job specification is prepared, including an assessment of the time required to fulfil the role and that they are aware of prospective candidates' other significant commitments, ensuring that the Chair holds no FTSE 100 chair positions;
  - (iii) that 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;
  - (iv) 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;
  - (v) that the Committee keeps up to date and fully informed about strategic issues and commercial changes affecting the Company and the market in which it operates;
  - (vi) that the Committee's terms of reference are made publicly available; and
  - (vii) that the Committee Chair reports formally to the Board on its proceedings after each meeting;
- (b) to review:

- (i) regularly, the structure, size, and composition (including the skills, knowledge, experience, and diversity) of the Board and make recommendations to the Board about any changes;
  - (ii) the leadership needs of the Company, both executive and non-Executive, with a view to ensuring the continued ability of the organisation to run effectively;
  - (iii) succession planning for Directors and other senior executives, taking into account the challenges and opportunities facing the Company, and the skills and expertise needed on the Board in the future;
  - (iv) the results of the annual Board performance evaluation process that relate to the composition of the Board;
  - (v) 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
  - (vi) that Non-Executive Directors are regarded as independent in line with corporate governance standards including the Wates Principles;
- (c) to approve:
- (i) the terms of engagement of Non-Executive Directors and of the terms of service contracts of Executive Directors; and
  - (ii) a separate statement for inclusion in the Annual Report about its activities setting out the process used for appointments and providing an explanation where external advice or open advertising has not been used, and including a report on the frequency of, and attendance by members at, Committee meetings;
- (d) to recommend to the Board:
- (i) memberships of the Audit and Risk and Remuneration Committees and any other Board Committees as appropriate, in consultation with the Chairs of those Committees;
  - (ii) the identification and nomination of candidates to fill board vacancies as and when they arise;
  - (iii) suitable candidates for the role of Senior Independent Director;
  - (iv) 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 the knowledge, skills and experience required;
  - (v) the re-election of any Director having due regard to the Wates Principles and 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);

- (vi) 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;
- (vii) proposals concerning:
  - (1) plans for succession for both Executive and Non-Executive Directors and in particular, for the key roles of Chair and Chief Executive;
  - (2) the appointment of any Director to executive or other office (however, the positions of Chair and Chief Executive must be considered at a meeting of the full Board);
  - (3) any request by an Executive Director to hold a non-executive directorship or similar position outside the Company; and
  - (4) any area within its remit that it deems appropriate where it believes action or improvement is necessary.

## 7. Reporting

- 7.1 The Committee Chair will report orally to the Board after each meeting on all matters within its duties and responsibilities. Drafts of Committee minutes will be sent to the Committee Chair. Once approved, they will be circulated with papers for the next Board.
- 7.2 The Committee will make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed. Where appropriate or necessary, final decisions will be taken by the Board.
- 7.3 The Committee advise the Audit and Risk Committee on any matters to be included in the Annual Report dealing with the activities of the Committee.

## 8. Resources and review

- 8.1 The Committee will:
  - (a) have access to sufficient resources in order to carry out its duties, including access to the Company Secretary and advisors for assistance as required;
  - (b) give due consideration to laws and regulations, the Wates Principles;
  - (c) oversee any investigation of activities which are within its terms of reference; and
  - (d) 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.

## 9. Authority

- 9.1 The Committee is authorised:

## Confidential

- (a) to seek any information, it requires from any employee of the Company in order to perform its duties;
- (b) to obtain, at the Company's expense, outside legal or other professional advice on any matter within its terms of reference. The appointment and performance of such advisors will be reviewed by the Committee on a regular basis and at least annually; and
- (c) to call any employee to be questioned at a meeting of the Committee as and when required.

### Change History Record

<b>Issue</b>	<b>Description of Change</b>	<b>Approval</b>	<b>Date of Issue</b>
1	Issued as a standalone document	Board	February 2018
2	Reviewed and revised	Board	July 2019
3	Reviewed	Board	March 2021
4	Approved	Board	March 2022
5	Approved	Board	March 2023