

## **Wessex Water Services Limited**

### **Matters reserved to the Board**

#### **1. Introduction**

- 1.1 The Board's main responsibility is to set the company's purpose, strategy and values, and to ensure that its culture reflects the needs of all its stakeholders. The Board will ensure the Company meets its regulatory and legal obligations.
- 1.2 The Board and its Directors will seek to comply at all times with its section 171 to 177 including having regard to: Companies Act 2006 duties to promote the success of the Company for the benefit of its shareholder.
  - (a) the long-term consequences of its decisions;
  - (b) the interests of the Company's customers, employees and pension schemes;
  - (c) the fostering of business relationships with suppliers, customers and others;
  - (d) the impact of the Company's operations, its social purpose, and decisions on the community and environment; and
  - (e) maintaining a reputation for high standards of business conduct.
- 1.3 The Board regards excellent customer service and satisfaction as fundamental to the long-term success of the Company. There are no matters specifically reserved for shareholder approval. The Board will meet approximately every two months.

The matters set out below are reserved to the Board.

#### **2. Strategy, management and structure**

- 2.1 Providing leadership of the Company within a framework of effective controls which enables risk and opportunity to be assessed and managed.
- 2.2 Setting the broad direction and approval of the Company's overall strategy.
- 2.3 Setting the Company's values and standards including transparency of raising concerns about misconduct and unethical practices.
- 2.4 Approving of the Company's risk management strategy and determining the nature and extent of the significant risks the Board is willing to take in achieving the Company's strategic objectives. Material changes to the Company's management and control structure.
- 2.5 Ensuring compliance with regulatory and legal obligations.
- 2.6 Approving the membership and terms of reference of Board Committees.
- 2.7 Approval of intra-group restructuring of companies.

#### **3. Financial and reporting**

- 3.1 Approval of the annual operating and investment budget, monitoring progress against budget and other non-financial targets.

- 3.2 Approval of the Company's dividend policy, and interim and final dividends.
- 3.3 Approval of any significant change in accounting policies or practices of the Company.
- 3.4 Remuneration of the Company's auditors and on the recommendation of the audit and risk committee, the appointment, re-appointment or removal of the Company's auditors.
- 3.5 Approval of material changes in the rules of the Company's pension schemes and changes of trustees.
- 3.6 Approval of the appointment or termination of appointment of bankers; bank mandates; bank accounts; other banking facilities; lending, borrowing and leasing; the issue of guarantees, bonds, indemnities and letters of comfort; the agreement of securities over company assets; the management of interest rate, exchange rate or commodity price exposures and derivative financial products; the approval of other financing charges; and in respect of subsidiary and associated undertakings the issuing of shares or other securities and the making of inter-Group loans, where such approvals are not already delegated in accordance with the Delegated Authority Register.
- 3.7 Approval of any litigation or settlement claim or related penalty or compromise agreement.
- 3.8 Approval of all material loans and other sources of finance.
- 3.9 Approval of the Company's tax strategy.
- 3.10 Approval of actions in line with the Company's licence conditions as an appointed water and sewerage company in respect of approval of charging schemes; cross default obligations; provision of guarantees or loans to associated companies; disposals of land under condition K; cross-default agreements; other derogations from licence conditions.
- 3.11 Approval of the company's annual report and accounts.

#### **4. Transactional approvals**

- 4.1 Approval of capital expenditure; acquisitions of shares or assets outside of the capital programme; property investments; or disposal of asset/land; as per the amounts in the Delegated Authority Register.
- 4.2 Approval of any project which materially increases the Company's risk profile and/or which involves obligations, restrictions or liabilities of an unusual, onerous or exceptional nature not in the ordinary course of the Company's business.
- 4.3 Approval of purchasing commitments as set out in Company's Delegated Authority Register.
- 4.4 Approval of financial contributions to third parties (such as developer works or local authorities) as set out in Company's Delegated Authority Register.
- 4.5 The review and approval of bid submissions and contract execution for services provided to third parties by the Company as set out in the Company's Delegated Authority Register.

4.6 Approval of the prosecution, defence or settlement of litigation, which is material to the interests of the Company.

4.7 Approval of corporate or commercial joint ventures.

## **5. Board and committee membership and other appointments**

5.1 Approval of appointment to and removals from the Board of the Company and to the Chairs of its audit, environment and public value, remuneration and nomination committee.

5.2 Approval of terms of reference of the Chairman, senior independent non-executive director, the Chief Executive Officer and other executive directors.

5.3 Approval of the terms of reference, authorities and membership of committees of the Board and any changes thereto.

5.4 Approval of remuneration and the approval of any compromise, settlement or redundancy agreement for directors or officers of the Company.

5.5 Appointment or removal of the Company Secretary.

5.6 Undertaking a review of the Board's own performance and of its individual Committees at least annually prior to the publication of the Company's Annual Review and Accounts. The form of the review will be agreed by the Board.

5.7 Approval of material changes to the pension scheme and its trustees as delegated to the Pensions committee.

## **6. Other matters**

6.1 Reviewing the Company's overall corporate governance arrangements.

6.2 Reviewing and amending as necessary this schedule of matters reserved to the Board.

6.3 Ownership and approval of the Company's health and safety policy.

6.4 Approval of the Company's policy on charitable and political donations.

6.5 Approval of Directors' and officers' liability insurance.

6.6 Reviewing material contraventions of any code of practice, legal requirement or statutory undertaking given to the Secretary of State.

6.7 Approval of the Company's business plan for price reviews.

6.8 Reviewing any significant matters arising from OFWAT, the Consumer Council for Water, the Environment Agency, Drinking Water Inspectorate, Health & Safety Executive, Natural England and any other regulatory and statutory bodies.

6.9 Authorisation of any proposed Compulsory Purchase Order.

## **7. Conflicts of interest**

7.1 Directors are required to disclose all actual or potential conflicts of interest to the Chairman and Company Secretary who will maintain a written record.

7.2 The actual or potential conflict will be reviewed at the subsequent Board meeting against the requirements of the Companies Act 2006 to determine whether any shareholder or other authorisations are required. Such determinations will be recorded in the Board minutes.

### **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 updated to align with Company's delegated authority register	Board	June 2020
3	Reviewed and updated	Board	March 2021