

THE CORPORATE RESPONSIBILITY COMMITTEE: TERMS OF REFERENCE

(Re-adopted by the board on 22 November 2011)

1. Constitution

- 1.1 The Board has established a committee of the Board known as the Corporate Responsibility Committee (“the Committee”).
- 1.2 The Terms of Reference for the Committee outlined below are defined by the Board and may be amended by the Board at any time.

2. Membership

- 2.1 The Board is responsible for the appointment of members to the Committee, for setting the term of members’ appointments and for the revocation of any such appointments. The Chair of the Committee shall be appointed by the Board, following consultation with the nomination committee.
- 2.2 The Committee will comprise such number of executive/non executive United Utilities Group PLC directors and additionally such Executive Team members as may be appointed by the Board from time to time. Two employee representatives will also be invited to attend meetings.
- 2.3 The Committee will comprise not less than two members who shall be Board Directors. The quorum shall be two Committee members one of whom should be the Committee Chair unless he/she is unable to attend. All members of the Committee shall be advised of the business to be transacted at any meeting even if they are unable to be present.
- 2.4 The Chair of the Committee shall be a Non-Executive Director. The Chair shall always have a casting vote, if necessary, in respect of any decisions. In the absence of the Chair for any meeting, the Chair will appoint one of the other Board members to be the Chair of the meeting, who will provide reports upon the business undertaken by the Committee to the Board.
- 2.5 The Company Secretary or his/her nominee will act as secretary to the Committee and shall produce such papers and minutes of the Committee’s meetings as are appropriate in a timely manner which will be circulated to all members of the Committee.
- 2.6 Only members of the Committee have the right to attend Committee meetings. However, other individuals will be invited to attend all or part of any meeting as and when appropriate. The Committee may co-opt any person to join the Committee for a meeting or any longer period, provided that Directors constitute a majority of the members of the Committee. The Secretary shall inform the Board when any such co-option has taken place.

3. Frequency of meetings

- 3.1 Meetings of the Committee shall be held at least twice a year and as the Chair of the Committee may require. For the avoidance of doubt, meetings can be held by telephone or video conference.

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3.2 The Chair of the Committee shall formally report to the Board following each meeting of the Committee on all matters which fall within the Committee's remit. The minutes of the meetings shall be circulated to all members of the Committee and the Board.

3.3 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 any other person required to attend. Supporting papers shall be sent to the Committee members and to other attendees as appropriate, at the same time.

4. Minutes of Meetings

4.1 The Secretary shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance.

4.2 Minutes of the Committee meetings shall be circulated as soon as practicable to all members of the Committee and to all members of the Board.

5. Duties

i) Policy Direction

The Committee will:

5.i.i consider and recommend to the Board the broad Corporate Responsibility policy taking into account the company's desired corporate responsibility positioning and objectives and related costs and benefits, the overall strategic plan, relevant external and other factors;

5.i.ii keep under review the Group's overall approach to corporate responsibility and ensure it is in alignment with the Group strategy and, if appropriate, recommend amendments to such policies to the Board; and

5.i.iii review Corporate Responsibility issues and objectives material to the Group's stakeholders and identify and monitor the extent to which they are reflected in Group strategies, plans and policies.

ii) Policy Delivery

The committee will:

5.ii.i agree and approve the annual Corporate Responsibility Report;

5.ii.ii monitor and review compliance with the Board's corporate responsibility policy and scrutinise the effectiveness of the delivery of the Corporate Responsibility policy requirements by the Executive;

5.ii.iii review all approved specific giving where the aggregate financial contribution exceeds £100K over the period of the proposed funding;

5.ii.iv review all community giving expenditure annually;

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- 5.ii.v develop and recommend to the Board Corporate Responsibility targets and key performance indicators and receive and review reports on progress towards the achievement of such targets and indicators;
- 5.ii.vi review the profile of the charitable donations directed by the U UW Charitable Trust; and
- 5.ii.vii undertake any review or take any other action that it considers appropriate in the discharge of its duties.

6. Other Matters

- 6.1 The Committee shall undertake any other duties as directed by the Board.
- 6.2 The Committee shall be provided by the Company with sufficient resources in order to carry out its duties.
- 6.3 Once a year, the Committee shall review its own performance, constitution and terms of reference to ensure it operates effectively and recommend any changes it considers necessary to the Board for approval.

7. Authority

The Committee is authorised by the Board:

- 7.1 to seek any information it requires from any employee or director of the Group in order to perform its duties; and
- 7.2 to obtain, at the Group's expense, external legal or other professional advice on any matter falling within its Terms of Reference.